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THE INDEPENDENT



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Fundholding: 'GPs cannot cope'

Watchdog says doctors have neither skills nor drive to make health scheme work

COLIN BROWN
Chief Political Correspondent

A devastating indictment of the Government's flagship health care scheme, GP fundholding, is to be delivered by an independent public spending watchdog.

The Audit Commission report, drafts of which have been sent to ministers, challenges the Government's claims that the system is providing better care to the patient and saving money for the taxpayer.

The report concludes that GP-dominated purchasing of NHS care "is not desirable". One of the reasons given is "few GPs have the skills or motivation to manage large practices fully and competently."

The findings are certain to reinforce Labour's claims that GP fundholders should be brought within the scope of NHS plans, in "joint commissioning" of care by family doctors. Harriet Harman, Labour's health spokeswoman, said last night: "If this leak is accurate, it shows the Commission report supports Labour's case for changing fundholding so that all GPs work with hospitals and health authorities to shape patient care."

The report, a copy of which has been obtained by the Independent, could prove embarrassing for the Government as it embarks on a consultation exercise to boost the range of services being offered by GPs.

Stephen Dorrell, the Secretary of State for Health, has rejected the advice to the Prime Minister in the "Maples letter" to keep the NHS out of the headlines in the run-up to the general election. He is facing Labour's challenge head-on by claiming that the success of GP fundholding has put Ms Harman on the defensive over her plans to replace it.

But the report, while not attacking the principle of fundholding, questions ministerial claims that the system is the driving force for innovation in the NHS. Many fundholders are "under-performing or making purchasing decisions which represent less than the best possible value for money".

Some fundholders have begun to re-shape services in a fundamental way to the benefit of patients, but the report says for others "the great majority of their purchasing is for the same services, in the same quantities, delivered in the same way by the same providers (hospitals) and with few measurable extra benefits to patients".

It says: "Most fundholders are not making full use of the increasing body of knowledge about clinical effectiveness to inform their commissioning decisions. One reason is that they face conflicting demands from their patients."

Fundholders were increasingly purchasing services such as physiotherapy, counselling and complementary therapies because they were requested by the patients, but they had not been proven to be effective. Few fundholders met Patient's Charter day surgery targets, and most were failing to maximise efficiency savings from day surgery, mainly because the GPs still leave it to the consultant to decide.

One of the most controversial findings is over the use of savings by fundholders which should be recycled into patient care. The GPs are urged to try to improve direct patient care, for example by reducing waiting lists by buying more surgery from hospitals, before investing the money in their premises - from which the GPs could gain personal benefit.

As a check on how the savings are spent, the GPs are supposed to provide a savings plan for the health authority to approve, but half of fundholders supplied no plans. There are reports that thousands of pounds were spent on a swimming pool built beside one GP surgery, supposedly for patients. Savings varied from a few thousand pounds in some areas to more than £150,000 in others.

The report warns that windfalls from late invoicing by hospitals for work carried out for GPs will result in higher prices elsewhere in the NHS unless they act as a stimulus for the hospital to improve efficiency.

The Government's White Paper proposing fundholding in 1989 envisaged GPs would compete for patients, and that patients would move to practices offering the best services, says the report.

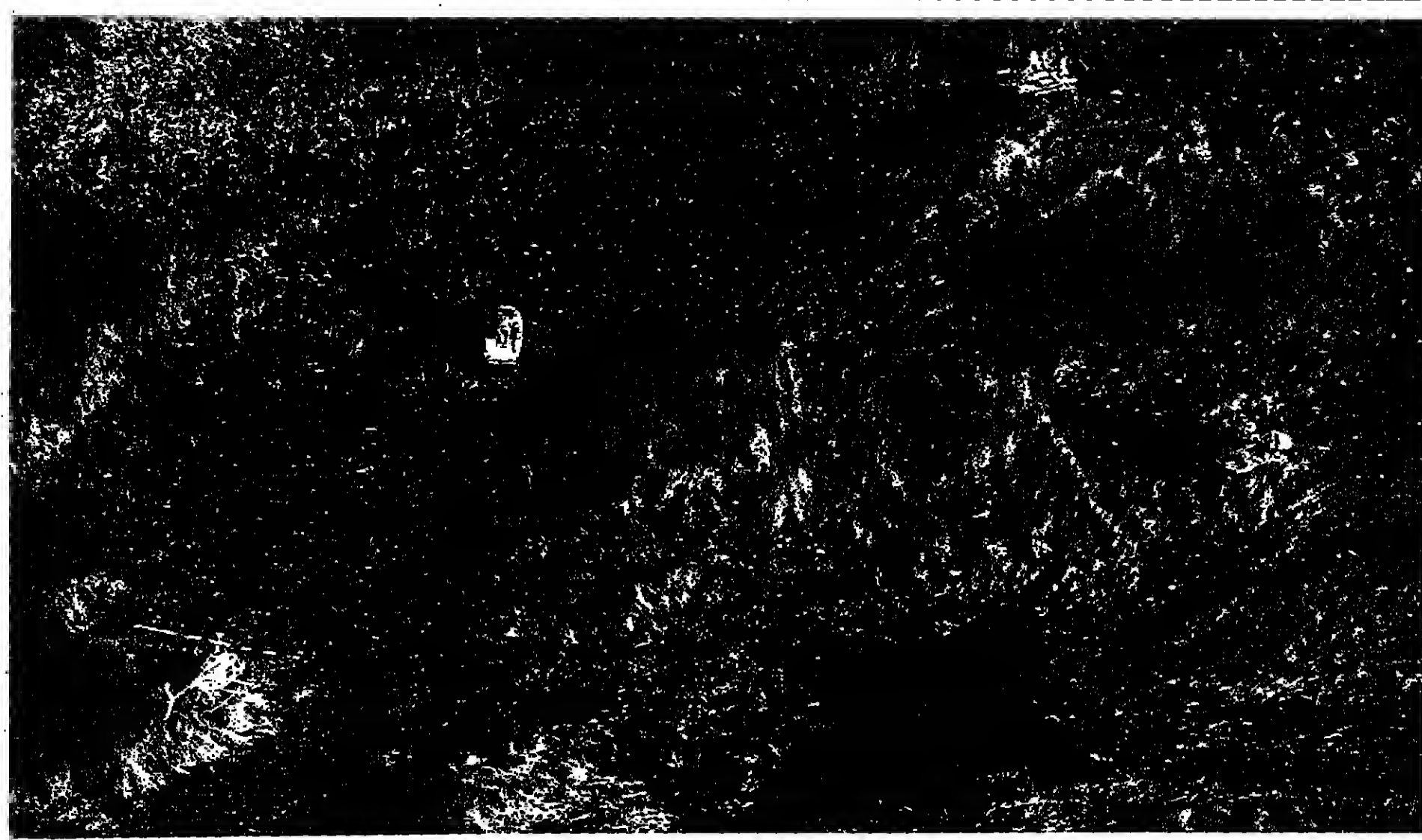
"There is no evidence that patients are changing practice in large numbers for reasons other than changing address."

Fundholding practices are more likely than non-fundholding GPs to offer a wide range of services of all kinds at the practice but this is "often because of reasons which pre-date their entry into fundholding".

The Commission found that a few fundholding practices had achieved fundamental changes but the majority had focused on one or two significant gains for their patients. The reason for the "inertia" was partly due to the fear patients could be put off by some changes.

The GPs are also expected to have purchasing plans, but the Commission found that "some fundholders make no use of their own plans and only write them to satisfy what they see as a bureaucratic demand". Most plans rated poorly against good practice criteria.

Social divide, page 2



A helicopter and airboats surround the point where Flight 592 hit the swamp as they search for bodies and the jetliner's flight recorders

No hope for 109 on jet that 'fell like a bullet'

PHIL DAVISON
Miami

Only 20 hours after a domestic jetliner plunged into Florida's Everglades swamp with 109 people on board, rescuers called off the search for survivors yesterday.

They said the ValuJet DC-9 appeared to have bored into the swamp "like a power drill" on Saturday and either disintegrated or was swallowed up by mud and quicksand.

The search for bodies and the flight recorders continued, using helicopters and "airboats", fan-driven swamp vessels which cut through sawgrass and reeds in the Everglades, a national park popular with tourists for its alligators.

Lewis Jordan, president of the Atlanta-based ValuJet, denied that the 77-year-old aircraft had been too old, but admitted it had had a series of problems in recent months. Air safety officials said it had turned back to airports seven times in two years due to technical problems.

A passenger on board the same plane earlier on Saturday said it appeared to have had problems before and during that flight, and that the flight attendants had used megaphones after the intercom failed.

ValuJet Flight 592 from Miami International Airport to Atlanta took off around 2pm on Saturday. After flying over Miami Beach and circling northwest, the pilot requested permission to return, reportedly citing smoke in the cockpit.

It then disappeared from traffic controllers' screens. A light aircraft pilot who saw it go down said it plunged into the swamp, about 20 miles northwest of the airport, at a 75-degree angle "like a bullet. At first, I thought it was a smaller plane doing aerial manoeuvres."

Remains of Flight 592, page 3

Tory fury as Labour breaks guns truce



Jack Straw: 'This is a matter of public safety, not votes'

MICHAEL STREETER

An unofficial truce between the major parties over the Dunblane tragedy broke down yesterday as the Tories accused Labour of trying to make political capital by outlining detailed proposals to outlaw automatic pistols.

In evidence to the Cullen inquiry on gun laws the Labour Party will put forward plans to ban all automatic and semi-automatic pistols, and any single-shot pistols of a calibre higher than the .22 used by Olympic competitors. Labour will also suggest raising the age limit for firearms certificates from 14 to 18 and providing an absolute discretion for police forces to reject licence applications.

Labour sees the proposals as its contribution to the debate on firearms laws after gunman Thomas Hamilton, armed with semi-automatic pistols, massacred 16 children and their teacher in a school gymnasium in March. It fully implemented the party's plans could remove up to 200,000 firearms, including revolvers, from circulation.

Tory Party sources, however, were clearly irritated by what they saw as a blatant attempt by Tony Blair and shadow Home Secretary Jack Straw to gain political points by jumping ahead with anti-gun proposals designed to attract popular support.

The Government is adamant it will make no firm proposals until after Lord Cullen reports.

A Tory source said: "There was an agreement between the parties not to make party political issues out of Dunblane at all. But that is what Mr Blair has now done ... It does seem a pity they've chosen to do this."

Home Office minister Ann Widdecombe, speaking on Sky TV, said Mr Blair was clearly a "pretty desperate man" who thought he could "make a few headlines by coming in with some very bland proposals".

Speaking on BBC Radio

Four's *The World This Weekend* Mr Straw denied any political ploy. "We are not doing this for votes. This is a matter of public safety."

Labour had drawn up these plans as evidence for Lord Cullen, and it was for the inquiry to judge, and come up with its own conclusions, said Mr Straw. But he conceded that the party would "not necessarily" withdraw its plans even if the inquiry rejected them. "We believe that the public wants to see very intense restrictions on gun availability," he said.

On the same programme Home Secretary Michael Howard said the Government

had already delivered an exhaustive list of gun-law options to the inquiry, with assessments as to their likely success, and had promised to react "positively and speedily" to its recommendations.

The Secretary of State for National Heritage Virginia Bottomley raised the political temperature over on-screen violence by backing actor Dustin Hoffman over his comments at the Cannes film festival linking media violence to the Dunblane and Tasmanian massacres. Mrs Bottomley, who flew to Cannes yesterday, told BBC's *Breakfast with Frost* she was "delighted" the actor had spoken out.

Strike threat over 'violent' 12-year-old

LOUISE JURY

A 12-year-old boy barred from school 10 months ago for allegedly assaulting a male teacher will return today to a storm of protest.

Members of the National Association of Schoolmasters and Union of Women Teachers (NASUWT) at Hebburn Comprehensive, South Tyneside, have refused to teach Graham Cram since the incident they describe as "serious" and are threatening to strike.

The future follows last month's row over Richard Wilding, a 13-year-old special needs pupil who came close to sparking a walk-out by Nottingham teachers who claimed he was disruptive. He is now taught at home and in a special unit.

No details have been released of the alleged attack by Graham Cram last July which led to his suspension. But an independent appeals panel unanimously ruled in November that he should be allowed back at the school's governors are

supporting that decision which is legally binding.

Graham's parents Peter, 39, and Irene, 38, who have consulted a lawyer over the delay, last week rejected a compromise proposal where Graham would have been taught in isolation from other pupils. They said they were pleased he would be returning with friends.

But Mrs Cram said: "He will be going to school tomorrow but what happens from there we don't know. We are afraid the teachers will walk out as Graham walks in but I hope this doesn't happen." Her husband added: "He is not violent and never has been."

However, Nigel de Gruchy, the NASUWT general secretary, said the union were seriously concerned and were taking legal advice on whether staff could take immediate strike action. "We accepted a compromise where the boy returned and was taught in isolation but we've now got this letter ... instructing teaching staff to work normally with him."

He called for a re-examination of the policy of closing special schools which had left children with emotional and behavioural difficulties disrupting mainstream teaching. He also said the appeals procedure should be re-examined. "If you have locally managed schools, the schools should be allowed to sort these kind of problems out."

Philip Wilding, 56, the father of Richard, collapsed and died of a suspected heart attack at the family's home in Nottingham at the weekend.

IN BRIEF

Plea for unity

An appeal to Labour MPs for unity was made yesterday amid fresh signs of strains in the Labour ranks over the party leadership. Page 2

Today's weather

Some sunshine, light breezes and the risk of an occasional shower. Section Two, page 28



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Labour urged to unite behind Blair

COLIN BROWN
Chief Political Correspondent

An appeal to Labour MPs for unity was made yesterday by Jack Cunningham, a senior member of Tony Blair's Shadow Cabinet, amid fresh signs of strain in the Labour ranks over the Labour leadership.

Tensions emerged after it was disclosed that Mr Blair had been confronted with criticism at a series of meetings with backbenchers to "clear the air" over the direction in which he is taking the party.

Reports that the Labour leader was confronted by a "mutiny" were strongly denied by some of those who were there from both wings of the party. But there was no denying the strains now emerging over policy, particularly the threat to cut child benefit for 16-18 year olds.

One hard-left Labour MP said last night: "There is not a crisis at all. They were friendly meetings. Blair was very relaxed. They were cathartic because we had had a good moan, but

it was likely that it would influence nothing at all in the style and content of the leadership's policy drive."

Gordon Brown, the shadow Chancellor, is being blamed behind the scenes for failing to consult close colleagues or backbench MPs in major policy announcements, including his desire to cut child benefit for 16-18 year olds in full-time education.

Some of the MPs, including loyalists, complained that they were being taken for granted. David Hanson, parliamentary

private secretary to John Prescott, the deputy leader, is reported to have told Mr Blair: "I feel like a sponge soaking up criticism on policies I only hear of on the radio."

Tony Banks, an outspoken London MP, said: "People want help. If we don't deliver I will need a tin hat when I walk in the streets."

Ken Livingstone, the former GLC leader, defended Clare Short, the shadow Transport Secretary, for appearing to support a higher rate of tax. Denis MacShane, the Labour MP for

Rotherham, and a moderniser, said it would be difficult to tell a teacher couple earning around £70,000 together that they should pay more in tax.

Mr Blair appeared at the meeting, one of a series about a fortnight ago, without his press secretary, Alastair Campbell, or any other Shadow Cabinet colleagues. A polling expert told the group of MPs - drawn from all sides of the party - that private polling evidence showed the Tories were mistrusted, but that the electorate was not certain it could trust the Labour

Party. "The message was clear - that we should not disrupt things if we wanted to win the election," said one Labour MP.

Tony talked about the importance of discipline. We explained to him he didn't understand just how disciplined the party was at the moment. We have never known the party more self-controlled in the sense of knowing we have to win the next election, and we are willing to button our lips to do so."

Mr Blair sat at the centre of the Shadow Cabinet room with

his back to the windows. Others present included Allan Rodgers, Ken Eastham, Gerry Birmingham, Mildred Gordon, Alan Simpson, Terry Lewis, and John Austin-Walker.

Mr Hanson said last night: "The meeting was at its most an angry confrontation but a sharing of views and a very positive discussion between the leader and MPs from all wings of the party. There was no anger. There was no outrage. The meeting was very positive."

Leading article, page 14

Mandelson and Brown fell out over leadership

Gordon Brown and Peter Mandelson fell out over the Labour leadership election, when the Shadow Chancellor was persuaded to stand down in favour of Tony Blair, writes Colin Brown.

Mr Brown nursed a suspicion that Mr Mandelson, regarded as a Machiavellian character by his critics at Westminster, was partly responsible for undermining Mr Brown's own ambitions to become leader. Mr Blair, who was always certain of his own chances of winning the leadership, is now trying to create a rapprochement between the two for the first time in 18 months.

Both Mr Brown and Mr Mandelson are strong supporters of the modernisation of Labour - Mr Mandelson was one of the originators of Labour's drive towards "perekostka" under Neil Kinnock.

Relations are also strained between Mr Mandelson and John Prescott, the deputy leader of the Labour Party. As a key member of Mr Prescott's campaign co-ordinating team, Mr Mandelson attends a weekly meeting with Mr Prescott's close aides Dick Caborn and his Parliamentary Private Secretary, David Hanson, to discuss campaign co-ordination.

But behind the personal strains lies a more fundamental tension over the direction of Labour's policies, particularly

over the economy. Robin Cook, the Shadow Foreign Secretary, and Mr Brown are arch rivals over the direction of policy on tax and spending.

It was no surprise when Mr Cook sounded a clear note of dissent after Mr Brown said "tough choices" would have to be taken on child benefit. Mr Cook and several of his Shadow Cabinet colleagues, including Chris Smith, the Shadow Social Security Secretary, and David Blunkett, the Shadow Education Secretary, were alarmed that Mr Brown appeared to be "bouncing" them into policy decisions before a review was completed.

Mr Mandelson, one of the most accomplished advisers on presentation, may also have been surprised by the extent to which Mr Brown was prepared to allow Labour to suffer damage over the threat to child benefit for 16-to-18 year olds in the belief that it would be more than compensated for by the announcement of a flat-rate educational maintenance allowance to encourage young people to stay on at school.

The child benefit row led senior Shadow Cabinet figures to wonder to what extent the Labour leader was using Mr Brown - his closest ally - to push out the envelope of party policy, or whether Mr Brown was setting out a policy, which Mr Blair had to back.



Glory days: Tens of thousands of fans lined the streets yesterday as Manchester United paraded both the FA Cup and the Premier League Championship trophy in their home city. Banners proclaimed the Cup final goal-scorer Eric Cantona 'the King' Photograph: Matthew Ashton

Clarke rules out 'hell-for-leather' tax cuts

The Chancellor of the Exchequer, Kenneth Clarke, insisted yesterday that he would not "bribe" the electorate with tax cuts the country cannot afford, but added that he still hoped to deliver the Government target of a 20p basic rate in the next Parliament.

Mr Clarke, who is under growing pressure from Conservative right-wingers to cut at least 2p off the basic rate to woo voters in the run-up to the general election, stuck to his guns in a series of television and

newspaper interviews at the weekend. He emphasised that there would be no "hell-for-leather" tax cuts in an interview for BBC Radio Scotland's Eye to Eye programme.

Mr Clarke said that when he drew up his Budget he would start on the basis of keeping public finances in a healthy state, paying for public services as necessary, then deciding whether tax cuts could be afforded. "I don't think tax cuts come what may, hell for leather - making tax cuts that

can't actually be afforded - will win us any votes," he said. "It certainly would not do any good to the economy. So, as last year, I shall make tax cuts if we can afford them, only if we can afford them, and this year who knows?"

He went on: "I think the electorate wants to see us running the economy in that sensible, responsible fashion. I have a high regard for the British electorate. I don't think you can bribe them by making tax cuts which are obviously not sensible."

While admitting, on BBC1's On the Record programme, that government borrowing was too high, Mr Clarke said it did not mean public spending was out of control. "We are borrowing more than we expected, but not because we have lost control of spending," he said. "We have had the three toughest years of spending controls since the war and we have delivered on the budget. No government has done that for years."

Mr Clarke was adamant he would not throw away the Con-

servative achievements of the lowest mortgage rates for 30 years, low inflation, lower unemployment and a growing economy, simply to placate those who called for big tax cuts.

And in an interview in the Observer, Mr Clarke warned that Tory right that he would defend the welfare state by refusing to take the axe to benefits in order to finance tax cuts.

A modern European country required a strong welfare state to increase people's willingness to accept change, he said.



Personal strains: Peter Mandelson (left) and Gordon Brown

Social divide in GP fundholding

The first major report on the benefits and drawbacks of the new system has just been completed. Colin Brown reports

People living in the leafy suburbs are more likely to find their family doctor has become a fundholding GP, than hard-pressed practices in the inner cities, the Audit Commission report says.

More than half the population is now covered by fundholding GPs, who "purchase" care on the NHS from hospitals, but the commission found that it was "impossible to know" how much observed differences in benefits to patients were caused by the fundholding scheme or by the style of the practices and the type of patients they served.

After its launch five years ago, fundholding was blamed for creating a "two-tier" health service in which GPs with their own funds could purchase operations in National Health Service hospitals, allowing patients to queue-jump patients of non-fundholding GPs.

The Audit Commission, an independent public spending watchdog, provides the first objective evidence of how it is working.

Its study of 3,600 family doc-

tor practices found that in more than half the practices the decision to join was unanimous but in 10 per cent the decision had caused partners to resign or the plunged the practice in "serious conflict".

Its visits to practices showed that one of the main reasons fundholders gave for joining the scheme was that it was better to "jump before being pushed into it". Most said it was the "way of the future" and a small minority did it to "ensure patients didn't suffer reduced standards". One of the main advantages ascribed to fundholding, says the commission, is that GPs are close to patients. But the commission found it was rare for fundholders to include patients in the decision-making board.

Patient-participation groups were more common but only one in 10 practices had held them. It found good practices improved care after listening to their patients. In one case study, a practice which set out to meet Health of the Nation targets found that as a result of comparing local breast cancer rates with national averages and asking for patients' views on the current service, it sent patients to a hospital 10 miles further away with a consultant who was keen to develop a one-stop clinic. They were able to have tests and discuss the results on the same day, reducing anxiety.

In another practice, patients filled in a questionnaire which led to additional gynaecology and ophthalmology outpatient clinics with a different hospital. A third of the 21 fundholders visited during the Audit Commission's research had carried out surveys of patients' views of their secondary care but

"methods were often poor and it was seldom clear how the findings had influenced commissioning".

Two in five fundholders said one reason for entering the scheme was to protect small hospitals from run-down or closure by sending outpatient referrals there and developing community services. This was an objective set by John Major in his speech to the Conservative Central Council at Harrogate last month.

But the commission said it could "counteract years of health authority strategy to rationalise the distribution of services on cost grounds, ensure appropriate specialisation and safety, or make the availability of services as equitably distributed about the district as possible. This could be seen as a danger of devolution."

The fundholders see it as a way of local people having the power to decide their own destinies after years of failing to make the distant health authority listen and change its policies, the commission adds.

IN BRIEF

Charred body found in forest

Murder squad detectives were yesterday trying to identify the charred remains of a dismembered body found in a forestry clearing. Two Forestry Commission workers raised the alarm after spotting bones among a pile of burnt logs in Wainwood Forest, near Newport South Wales, on Saturday.

Detective Superintendent Ian Johnston, head of Gwent CID, who is leading the inquiry, said it was not yet known whether the victim was male or female, or the age group.

He added: "We are checking on all missing persons in our area and have also informed other police forces around the country about the incident."

Ceasefire terms

Republicans have said that no new IRA ceasefire will be declared ahead of all-party talks on the future of Northern Ireland scheduled for next month. Sources in Belfast said John Major must give clear and unambiguous guarantees that talks due to begin on 10 June are genuine before the Provisionals will consider another truce.

Eye on the tiger

John Aspinall, 70, the millionaire owner of Howletts Wild Animal Park near Canterbury, Kent, was greeted with a pot of pleasure when he entered its cage for the first time in 18 months since the death of a keeper and a council ban. The ban was lifted after an inquiry and visitors allowed back into the zoo. New safety procedures have also been implemented.

Witness questioned

Police investigating the murder of 18-year-old Helen Martin were still questioning the last man known to have seen her alive after she left a disco in Maesteg, South Wales. However, officers stressed that David Willows, 31, of Bettws, near Bridgend, who has been in custody since his arrest, was being interviewed as a witness, not a murder suspect.

Waitresses appeal

Two black waitresses who accused the comedian Bernard Manning of making them the butt of his racist jokes at a hotel dinner are taking their case to an appeal hearing. Freda Burton, 24, and Sonia Rule, 31, both from Derby, will appear next month before the Employment Appeals Tribunal.

Uncle accused

The uncle of four children killed in an arson attack at their home is due to appear in court today charged with their deaths. Fred Hargreaves, 58, of Blithem, Southampton, is accused of murdering Terry Good, 12, Alison, 10, Nicola, eight, and six-year-old Patrick, and attempting to murder their parents Beverley and Melwyn, and their 14-year-old sister, Kelly.

Flights of fancy

Ostrich meat is set to join the menu on airline flights this summer. Ostrich steaks will be introduced to first-class passengers on British Airways North American flights from July, and could be extended to other routes if they prove popular, catering officials say.

Jackpot shared

Eight winning tickets share this week's £8.9m National Lottery jackpot. The eight each won £1,115,190 with the numbers 7 10 12 22 34 48. The bonus number was 11.

THE INDEPENDENT ABROAD

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Bad weather claims four lives on Everest

STEPHEN GOODWIN

At least four climbers have died and others are missing feared dead on Mount Everest after fierce winds and blizzards battered two expeditions returning from the world's highest summit.

The evacuation of badly frost-bitten and exhausted climbers was continuing yesterday, according to reports from the Nepalese capital, Kathmandu. Most, if not all, of the 20 or so climbers involved were from two large commercial expeditions who tackled the 8,848m summit on Friday.

Scores of people climb Everest each year by the standard South Col route on the Nepal side, with May the busiest month. A place on a commercial expedition costs thousands of pounds, but the weekend disaster will reinforce warnings that Everest cannot be treated as a package holiday.

An experienced group led by the British climber, Mal Duff, had turned back from a summit attempt on Friday, fearing a deterioration in the weather. Mr

Duff and his team, also a commercial venture, are now helping survivors down to Base Camp. The descent includes the Khumbu Icefall, a hazardous barrier of ice cliffs and crevasses which will be particularly difficult for weary and injured climbers.

Three of the dead climbers were from a commercial group known as the International Friendship Expedition led by New Zealander, Rob Hall. They were Andrew Harris, 31, from Queenstown, New Zealand, Douglas Hanson, 42, of the

United States, and Yasuko Namba, 47, of Osaka, Japan, who had just become the oldest woman to climb Everest.

Mr Hall was missing yesterday with growing fears for his survival. Last in contact on Saturday, he had frost bite on his hands and feet after staying high on the mountain to assist a stricken climber.

It was reported yesterday that another member of the Friendship team, Seaborn Weathers, 49, a pathologist from Dallas, had been found alive and was on oxygen at the South Col

camp. But feared dead was Scott Fischer, 41, leader of a mainly US expedition organised by the Mountain Madness Outdoor Adventure, of which he was a co-owner. The Americans began descending on Friday afternoon but on Saturday night Mr Fischer was reported to be unconscious and barely clinging to life. He and Mr Hall are well known in the international climbing community and their deaths will be keenly felt.

Last Thursday, a Taiwanese died on the mountain following a fall.

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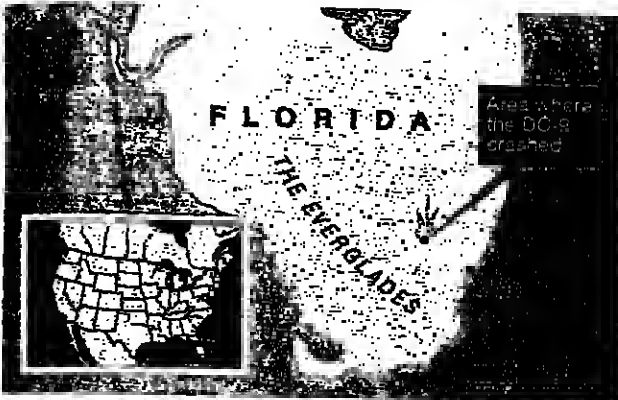
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news

An empty seat, some clothes and a photo album were all that remained of Flight 592



Phil Davison reports on the grim search in 'The River of Grass'

"All I saw was an empty airplane seat floating in the muck, what looked like children's clothes and a photo album showing a mother with her children. There was no sign of bodies and only tiny pieces of debris."

Li Chris Aguirre, a rescue worker with the so-called Haz Mat (hazardous materials) branch of the Miami fire department, was describing what he saw after arriving at the spot where a domestic US passenger plane plummeted into the snake and alligator-infested Everglades swamp near Miami airport on Saturday with 109 people on board.

"All I could think of was whether that mother and children had been on board, what they had been doing seconds before it crashed. And I thought of my own family," said Aguirre.

"We have not found any survivors, we have not found any victims, we have not found any body parts. The biggest piece of debris we found was no bigger than a baseball cap," said Luis Fernandez, a fire department spokesman, shrugging off mosquitoes and dragonflies. "We've found clothes that may have come out of luggage."

Reporters were kept several miles from the crash site, near Highway 41, known locally as the Tamiami Trail, which cuts through the swamp known as The River of Grass on the edge of the Micooskee Indian reservation. But rescue workers described an eerie silence yesterday in the area where the plane went down "like a bullet, at a 75-degree angle," according to Dan Muelhaupt, a flight instructor pilot who saw it crash. "I thought at first it was a small

plane doing some kind of aerial manoeuvre, then I realised it was a passenger jet out of control. When it hit the swamp, there was a fireball of dirt and debris, like a mushroom cloud."

Another pilot said the plane, white with a pale blue tailplane and yellow trim, "bored into the swamp like a power drill". Mr Muelhaupt said the biggest piece of debris he saw as he overflew the site appeared to be a jet engine but yesterday there was no sign of an engine or any sizeable debris, according to local TV cameramen in the area in helicopters.

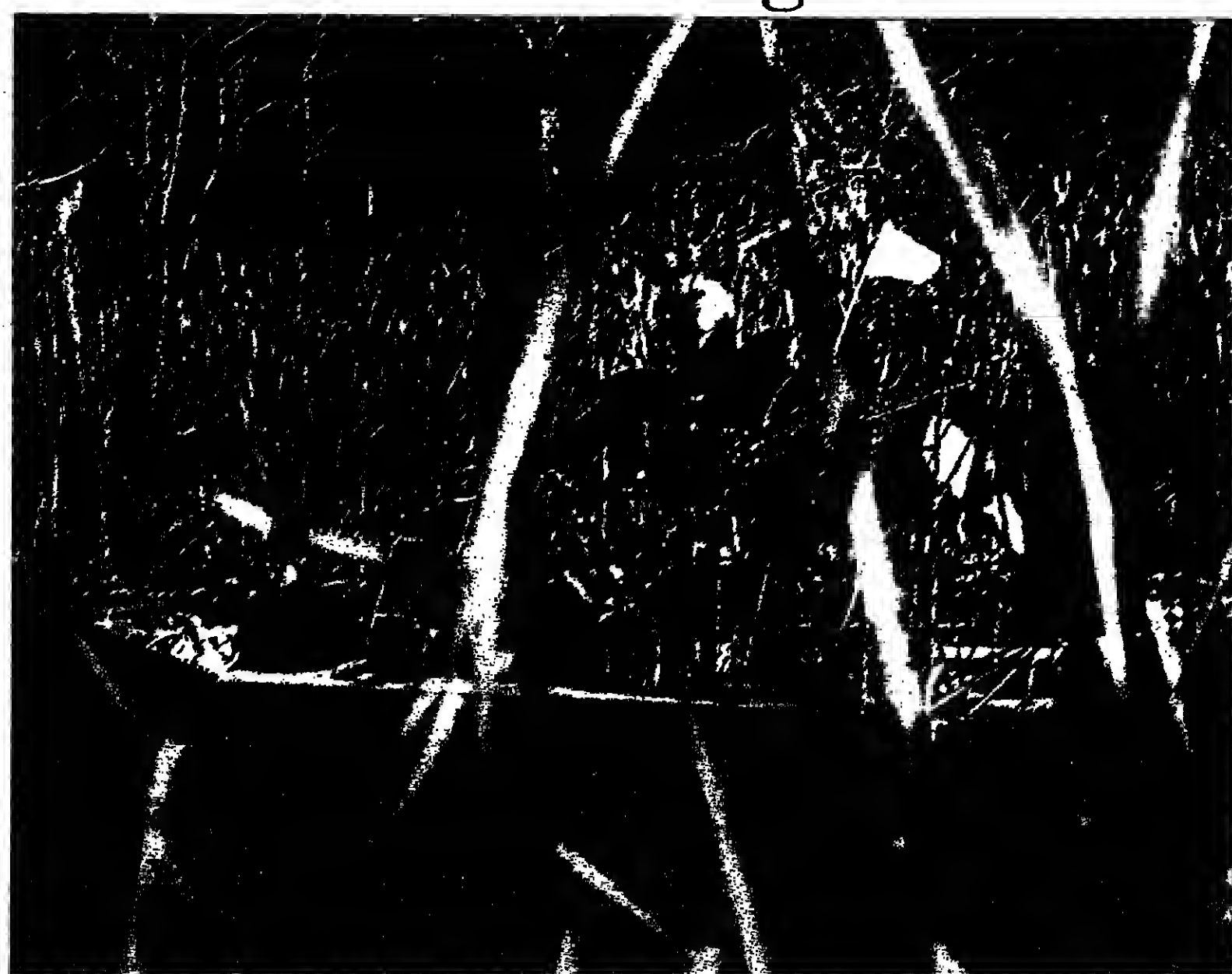
"It's quicksand out there. It doesn't have a bottom," said local fisherman Harold Johnson. "It may have just swallowed that plane up."

Jim Ries, a Florida wildlife official, said the water in the area is around three feet deep at present. In the rainy season, in the summer, it reaches five feet or more. "But below that there's muck and mud and it can be very deep. The plane could be buried in there."

The DC-9 jet of the Atlanta-based cut-price ValuJet airline, which had taken off from Miami International Airport en route to Atlanta, Georgia, crashed about 20 miles north-west of the airport. It had been returning to the airport after the pilot reported smoke in the cockpit.

Rescue workers set up a command post on a levee - a man-made dirt causeway through the swamp - and searched the area by helicopter and local "airboats" - flat-bottomed hydrofoils driven by huge fan-like propellers.

The airboats, normally used



Watery grave: A police guard near the site where Flight 592 crashed, above, and ValuJet president Lewis Jordan, below Photograph: Hans Deryk

to ferry tourists through the 2,000 square-mile Everglades to see alligators, snakes and rare birds, were the only way to reach the site. But by 11am yesterday, despite clear weather, rescue officials said they had called off the search for survivors.

"We have divers out there but the water is so murky they can't see more than an inch in front of their faces. They're literally feeling their way around, groping," said the fire department's Fernandez. "They're wearing protective clothing. We're concerned about a fuel explosion.

There are usually poisonous snakes and alligators in that area but they probably got well out of there after the crash."

"Among the ideas under consideration is a grid system, with divers probing small areas, or draining the entire area by building dams and dykes."

Miami police sealed off an area of three miles' radius around the crash site and warned airport owners they would be arrested if they entered the zone. The security

measures led to initial speculation that authorities feared the crash might have been the result of a terrorist attack - ValuJet is based in Atlanta, Georgia, site of this year's Olympic Games - but officials said the measures were because the airliner's fuel could catch fire or explode.

Last night, the local Channel 7 TV station quoted an unnamed passenger who had flown into Miami on the same plane earlier on Saturday as saying it had had several problems

before and during the flight. "They seemed to keep checking the engines before we took off. Then the intercom went down during the flight and the stewardesses used megaphones to talk to us."

Among those believed to have perished were Miami residents Cooway Hamilton, 85, and his wife Laura, 78, who were flying to their granddaughter's college graduation, and American football star Rodney Culver of the San Diego Chargers.



Discount airline denies cutting corners with old jets

Federico Pena, the US Secretary of Transportation, yesterday refused to order the grounding of the discount airline ValuJet, despite a protracted series of safety incidents culminating in Saturday's crash in the Florida Everglades in which all 109 people on board were killed.

This weekend's disaster was not only the worst domestic accident in the US since the 132 lives lost in the still unexplained crash of a USAir Boeing 737 near Pittsburgh on 8 September 1994 - it is also the first involving one of the new generation of no-frills, cheap fare carriers which are starting to transform the air transport market here.

None has been more aggressive or successful than the Atlanta-based ValuJet, set up 30 months ago and which now operates 50 jets flying to 31 cities across the eastern half of the nation. But expansion has placed growing strains on staff and infrastructure, not to mention ValuJet's mostly elderly fleet of DC-9s - among them the 27-year-old aircraft which came to grief in flight 592 from Miami.

Rupert Cornwell on the repercussions for the growing 'no-frills' flight market



Official warning: A ValuJet DC9 after it suffered a fire on take-off at Atlanta last June Photograph: Don Cobile

sponsored to all our recommendations, they did all we asked," Mr Pena told the CBS programme *Face The Nation*. "They've even tried to slow their growth because they expanded too quickly. If they didn't meet our standards we would have grounded them; that's why this crash is so surprising."

A shaken Lewis Jordan, ValuJet's president, was equally firm in his airline's defence. "We never grew faster than we were sure we were operating safely and reliably," he said, refuting thinly-masked accusations from the US media that ValuJet had recklessly cut corners in a pursuit of profits where margins are small.

Despite their age, ValuJet's DC-9s with their Pratt and Whitney engines were among

the safest, most proven aircraft in history, he insisted.

But doubts about ValuJet and others of its ilk are bound to grow. Hitherto cheap fares - a one-way Washington-Atlanta flight on ValuJet last month cost \$108 (£72) compared with the \$367 (£245) fare on Delta - have for passengers far outweighed the airline's many shortcomings of punctuality and comfort, and its rather amateurish feel. But perhaps no longer.

The answer - and with it perhaps the very survival of ValuJet - may well depend on the cause of the accident, for which rescuers were searching as they scoured the snake and alligator infested marshes of the Everglades. Thus far, however, no firm pointers have emerged. Although a recently disclosed FAA memo spoke of a "significant decrease" in the experience of new pilots taken on by the airline, the witness account of the accident - of an aircraft making a sweeping turn in its apparent attempt to return to Miami before plunging at a 75 degree angle into the swamp - betrays no hint of pilot error. Mr Jordan declined to identify the captain of flight 592 but said he had over 8,000 hours of cockpit experience.

Nor is there any firm clue to a mechanical cause for the accident, despite unconfirmed reports that the pilots reported smoke in the cabin just before-hand, and an even more alarming claim that the DC-9 which crashed had in the past two years been forced to return to the airport shortly after take-off six times because of mechanical problems.

With no survivors to describe the aircraft's last moments, the best hope for investigators lies in recovery of the DC-9's cockpit voice recorder and black box flight recorder, both fitted with electronic beepers to locate them after a crash.

For ValuJet and every other cut-price airline, however, an age of innocence is over. At the very least, the crash will disrupt its hopes of an Olympic-season boom as visitors flock to Atlanta where the games open in July. At worst, it could cause a crisis of confidence from which ValuJet over recovers. Such was the fate of Air Florida after one of its aircraft crashed after take-off from Washington's National Airport in 1982.

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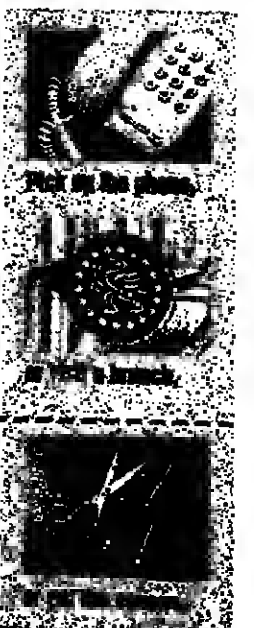


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Plans to block EU over beef ban

COLIN BROWN
Chief Political Correspondent

Contingency plans are being discussed by British ministers for blocking votes in the European Union if Britain's partners refuse to allow the export ban on British beef to be lifted.

If the partners turn down the recommendation of the European Commission to lift the ban on tallow, gelatine and semen, ministers are ready to appeal directly to a meeting in a week's time of agriculture ministers to overturn the veto's decision.

Ministers have also privately discussed contingency plans for adopting an "empty chair" policy at key European meetings or blocking votes that require unanimity if there is no early lifting of the European ban on British beef exports.

Malcolm Rifkind, the Foreign Secretary, warned yesterday that Britain was ready to take whatever action was necessary to get the ban lifted. Senior cabinet sources have told the *Independent* they believe the veto is being led by the "political masters" in Europe.

Ministers fear the Germans will succeed in persuading the European veterinary standing committee tomorrow to reject a recommendation for the partial lifting of the export ban on British beef products.

That could plunge the EU into a new crisis over Britain's demands. It would be embarrassing for Britain, when Jacques Chirac, the French president, is in Britain, and beef will be on the menu for a state banquet at Buckingham Palace.

Senior cabinet sources have told the *Independent* that their

negotiating strategy could change if there is no progress on lifting the ban. But ministers have ruled out withholding British payments to the EU following advice from the Attorney General, Sir Nicholas Lyell, that it would break UK law.

John Major revealed the British anxieties when he used his keynote speech to the Scottish Conservative Party conference in Aberdeen to warn the EU veto committee there would be an angry response if they blocked the lifting of the ban. Letters, page 14

news

Lottery
'good for'
charities

Donations to charities have risen despite the spread of lottery fever, a new report shows – and the authors predict charities will benefit overall from the National Lottery as grants roll in.

The study, *Dimensions of the Voluntary Sector 1996*, from the Charities Aid Foundation, examines the accounts of the top 500 charities and is believed to be the first to suggest the lottery is good news for charities.

While income from rents, investments and EC funding fell by up to 10 per cent, the report reveals that overall voluntary income – including covenants and gift days, legacies, fund-raising, donations and charity shop income – for the top 500 charities has risen by almost 2 per cent in real terms.

Vicki Pulman, a CAF spokeswoman, said: "There has been a lot of contradictory research... but the statistics from the Central Statistical Office shows giving has not been affected. While the picture is not glowing... it looks overall that charities will benefit."



Par for the course: OJ Simpson playing a round of golf at Seisdon Park, Surrey. The former American footballer is due to appear on tonight's *Tonight with Richard and Judy* show. A suitable role model, page 15 Photograph: Kevin Lamarque/Reuters

Subsidy row: Anger at 'giveaway of taxpayers' cash'

Privatised rail
firms get extra
£6m hand-outCHRISTIAN WOLMAR
Transport Correspondent

The first two privatised rail franchisees have been given £6m in extra subsidy each in an unannounced move by the franchising director, Roger Salmon.

Great Western Trains, which went to a management buy-out team, and South West Trains, taken over by Stagecoach, Britain's biggest bus company, have both received the additional subsidy as a result of changes to the financial system governing the railways.

GWT will receive £59.8m during the current year, com-

pared with the £53.2m previously announced, and SWT will get £60.1m instead of £54.7m. Both final figures are similar to the net amounts paid to British Rail during 1995/6.

The belated allocation of the new privatised rail finance system and suggests that the Government would find ways of bailing out any franchisee which fell into financial difficulties.

Clare Short, Labour's transport spokeswoman, said: "The franchising director is giving extra hand-outs of taxpayers' money as it were confetti. This is a thoroughly bizarre and questionable behaviour which illustrates how the taxpayer is being fiddled by the whole sordid process of privatisation."

In a unpublished decision, about £115m was made available by Mr Salmon to the 25 train operating companies as a result of two changes – the transfer of £32m of level crossing grant previously paid to British Rail to the train operating companies, and the allocation of an extra £84m to compensate train operating companies for the risk they face from new performance regimes.

The level crossing grant, part of which comes from the European Union, is supposed to be used to pay for the transformation of staffed crossings into automatic ones. It can no longer be paid direct to Railtrack under EU rules and therefore has been allocated through the subsidy for track access charges paid to the train operating companies.

Under the performance regime, all companies are liable to pay compensation to passengers if their trains are late. Equally, if Railtrack exceeds its performance targets, the train operating companies have to pay bonuses to the soon-to-be privatised company.

In order to soften the impact of these payments, the Government agreed to allocate the extra £84m in subsidy to the train operating companies and some of this has been paid retrospectively to the two companies privatised before 1 April.

Ms Short said: "It is unacceptable to claim that there have been oversights in the allocation of subsidies. Operators bid for franchises with the full knowledge of the criteria attached to them and this decision sets a dangerous precedent."

DAILY POEM

From The Ballad of Reading Gaol

By Oscar Wilde

He did not wear his scarlet coat,
For blood and wine are red,
And blood and wine were on his hands
When they found him with the dead,
The poor dead woman whom he loved,
And murdered in her bed.

He walked amongst the Trial Men
In a suit of shabby grey,
A cricket cap was on his head,
And his step seemed light and gay,
But I never saw a man who looked
So wistfully at the day.

I never saw a man who looked
With such a wistful eye
Upon that little tent of blue
Which prisoners call the sky,
And at every drifting cloud that went
With sails of silver by.

I walked, with other souls in pain,
Within another ring,
And was wondering if the man had done
A great or little thing,
When a voice behind me whispered low,
"That fellow's got to swing."

The excellent Phoenix 60ps include in their list the verse of John Donne, Andrew Marvell, and Christina Rossetti. Wilde's *The Ballad of Reading Gaol* also hits the mark with its relentless rhythm and searing repetitions: "And all men kill the thing they love / By all let this be heard, / Some do it with a bitter look, / Some with a flattering word." Wilde dedicated the tale of the guardsman who murdered his wife to the memory of "C.T.W.", sometime Trooper of the Royal Horse Guards, who "swung" in Reading Gaol on 7 July 1896. Wilde, who was released in 1897, died just three years later.

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Dorrell pressed over children's homes scandal

REBECCA FOWLER

The Government has refused to commit itself to a public inquiry into the biggest child abuse scandal to date in Britain's children's homes, despite pleas from victims anxious to close loopholes in the system to protect children currently in care.

More than 250 children are believed to have been systematically abused by paedophiles, who targeted homes in north-west England between 1964 and 1993. Eight former workers have already been convicted of serious crimes against children and there are a number of trials outstanding.

Eighty-five former residents are currently pursuing legal damages against four homes in the area and they plan to take their cases to the High Court.

Peter Garsden, the solicitor co-ordinating the victims' action, has written repeatedly to Stephen Dorrell, the Secretary of State for Health, calling for a commitment to a public inquiry once the outstanding trials are completed.

Mr Garsden said: "The victims are very angry at what happened to them. Their lives may have been ruined, but they want the system exposed to

Victims of the abusers

ensure the same things cannot happen to kids in care today.

The Government has not given us this assurance, but it must not be allowed to ignore recommendations for change to the system. A public inquiry would force ministers to look at this again, and why on earth all these abuses went on for so long without anything being done about it."

The abuse in the homes appears to have been so widespread that the case has emerged as the biggest paedophile investigation in homes in Britain.

Judge William Wickham, who sentenced one of the former workers, said after the trial that social services boards should take heed from what had happened in the homes.

He said: "They should be horrified and alarmed by what these cases reveal, and there should be an inquiry. These are not matters that should be swept under the carpet."

A number of the victims have attempted suicide since they left the homes, while others have suffered from drink and drug addictions and serious psychological problems.

The victims plan to issue four High Court writs, on behalf of all of them, against four homes in north-west England. They will allege negligence, and claim those in positions of responsibility knew or ought to have known that the abuse was taking place.

Mr Garsden has written to Mr Dorrell on three occasions in the last six months calling for a public inquiry.

The Department of Health responded to his first two letters by saying that it would not consider committing to an inquiry while the criminal proceedings against other former care workers were outstanding.

A spokesman for the Department of Health said: "There can be no commitment to an inquiry before the trials are completed."

"Obviously this is something that ministers will look at when they are over, and they will come back to it then."



Whale of Scotland: Moby, a 65ft boat, passing through the village of Burghhead yesterday, on the way to being launched on the Moray Firth. The adventurer Tom McLean plans to sail the diesel-powered Moby from London to New York next year. Photograph: Peter Joly / Northpic

High-fliers look for more than money

JUDITH JUDD
Education Editor

The BBC and British Airways are the most popular employers with high-flying students, according to a major survey published today.

The United Nations and Marks & Spencer come next, while the National Health Service, the Civil Service and the European Commission also make the top 10.

Self-employment is the third most popular category. Despite the recession, some students are still in search of the unconventional and adventurous. The Mafia, the Vatican, the Masons, Playboy, the Sultan of Brunei and the Baptist Mission in Haiti all feature in their career plans alongside the more traditional student ambition of joining M15.

However, three-quarters of students do not intend to start a graduate job at all after completing their course. They want to travel, to do voluntary or temporary work or to take post-graduate courses. Two per cent have no plans at all.

The research into the views of more than 10,000 final-year students at 24 universities was carried out by High Fliers Research, with the support of the Association of Graduate Recruiters and was sponsored by the Independent. It shows that many students are over-optimistic about the salaries they

Favoured employers

The top ten, according to degree students

1. BBC
2. British Airways
3. Self-employment
4. United Nations
5. Marks & Spencer
6. IBM
7. Procter & Gamble
8. National Health Service
9. Civil Service
10. European Union

will earn. On average they expect to earn £14,200 for their first job and £26,100 after five years.

Those at Oxbridge are aiming even higher. They expect a starting salary of £16,000 rising to £29,000 after five years while students at Liverpool and Belfast expect initial salaries of only £11,000 to £12,000.

Martin Birchall, the survey's director, said that students all seemed to assume they would get the sorts of salaries only the minority who went into, say, top city banks, would achieve. "There you might start on £20,000 and rise to £40,000 in five years but in many jobs a rise of 17 per cent each year would seem outrageous."

The average graduate starting salary is between £14,000 and £15,000.

Mr Birchall said the 24 universities had been chosen because they were those em-

ployers rated most highly for the production of high-calibre generalists. No former polytechnics are included and only a handful of newer universities.

However, employers also target students on individual courses at other universities.

A third of students leave university without work experience, the survey shows.

Mr Birchall said: "A lot of the more traditional universities are still saying it is more important to get a 2:1 or a first. But employers are now looking for work experience. Academic achievement is no longer enough."

Aston and Surrey had the highest proportion of finalists with work experience and Liverpool, Leeds and St Andrews the lowest.

Mr Birchall said the students who secured the best jobs started looking early. "If you want to get on a management development programme and be accelerated you need to start early, organising work experience and using the careers service."

The survey found only a low level of interest in job-bunting among final-year graduates. Only around 40 per cent put in one or more job applications during their final year and the 10 per cent with no definite plans were just three months away from graduation when they were interviewed.



Age 54 The guerillas came last night saying that here in Quinua there are army collaborators. They seized the two boys from Sabina's house. The eldest boy looked up at me as they dragged him past, his eyes great pools of fear.

We have found the boys. The guerillas had cut out their tongues and gouged out their eyes. We took the bodies back to our village and bathed them and dressed them and buried them and wept for them.

Age 57 The colic has taken my husband. I feel empty and alone. The violence here gets worse every day. I know I must leave Quinua.

Age 58 Today I flee for Lima. I don't know what will happen to me.

Age 66 Woke up thinking about my village. It makes me very sad. So far away is my little house, my land, and I will never be able to see it again.

Today My first grandchild is born. We will give him all the love he needs. I want him to have the education I missed, and the peace we craved, and the chance to make a good life. And I want him to be called Teófilo.

DIARY OF A SURVIVOR

Age 7 The crops have all dried up. Why won't it rain? Mama and papa are leaving the farm to work in the salt mines. I am hungry.

Age 14 I asked mama again why I cannot go to school and her answer is the same. "School is for boys." So my brothers go while I have to take the cattle to pasture. But if I don't learn anything, this is what I will always do, tend cows. I want to do more in my life than this.

Age 22 A terrible day. I am to marry Claudio Enriquez, a trader from our village. I flew into a rage at my father for permitting him my hand in marriage but he just looked down at the dust and said that for a poor girl with no education this is a good match and I must try to be a good wife.

Age 24 My beautiful boy is born. Teófilo. I am in pain but happy.

Age 30 I thought Teófilo was getting better because he had a quiet night. But his stillness struck a terror in me the moment I awoke and I rushed to where he lay on the floor. His lips had

turned black. I lifted his limp, clammy body to me and caressed him, his hand, his forehead, his stomach. But little by little he lost his breathing. I have seen death in my family so many times but today I felt my own soul die with his. I don't want to go on.

Age 42 Such a beautiful dawn this morning. We worked the plot, me on the potatoes, silently, the children with their laughter on the avas. It is hard work from dawn to dusk, but for the first time in four years the harvest will be good, so at least we can eat. We are content enough.

This diary is based on interviews with Agustino Gutiérrez Ramos, a displaced villager from Quinua, Peru. Her story of survival against the odds is typical of so many throughout the Third World.

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Pay rates in 'real world' misrepresented by media

BARRIE CLEMENT
Labour Editor

Media huffs, newspaper journalists and MPs are guilty of making "silly assumptions" about how much people earn outside their political hothouse.

So says the normally sober pay research group Incomes Data Services, which registers exasperation that our elected representatives believe their basic salary of £35,000 a year puts them in the middle-income bracket.

In fact, the pay cheques enjoyed by MPs place them in the top 10 per cent of earners, the research group points out today in the latest IDS Report.

"Too many of the very small number of politicians, journalists and other commentators who move in each others' circles have salaries that are roughly comparable. They think they are in the middle."

"In fact, one of the reasons that MPs feel hard done by is that their basic salaries are often lower than those of senior correspondents who are interviewing them."

The study refers to a recent interview on Radio 4's *The World This Weekend* in which Clare Short, Labour's transport spokeswoman, suggested in an



Clare Short, who incurred wrath of party leadership, and Ryan Giggs, estimated to earn £15,000 a week



interview with presenter James Cox that people on salaries like hers should expect to pay higher taxes. She incurred the

wrath of the party leadership for saying so.

IDS says that during the discussion £35,000 was deemed to be middle income. "The only sense in which it might be a middle income is that it might have been the average salary of the people in the studio at the time."

It is almost certain, however, that IDS has actually underestimated the total earnings of those concerned.

The research group says that £35,000 a year - £673 a week - is exactly twice the average earnings level and well into the top decile of earnings of £542 a week.

The official New Earnings Survey for 1995 gives average earnings for full-timers of £336 a week or £17,472 a year.

If part-timers were included then the average salary would be considerably lower, the study says. The Institute of Fiscal Studies calculates that around 62 per cent of people are below the average.

MPs and journalists, however, can only stand in awe of the pay of the real fat-cats. Apart from an FA Cup winner's medal, the report points out that Ryan Giggs of Manchester United enjoys an estimated salary of £15,000 a week.

news

Firms urged to value age and experience

PATRICK TOOHER

In an era when the world of work still offered jobs for life, it was the young who tended to suffer most from the old adage 'last in, first out'.

But lately this hire and fire mentality has been turned on its head as firms in both the manufacturing and service sectors seek to slash costs and reduce overheads.

The male, middle-aged, middle manager in the Allied Dunbar advertisement who inadvertently overhears he is for the chop from two colleagues in the gent's is not alone. Typically, it is older employees who are being shown the door these days when the P45s are being handed out.

But today sees the launch of the Employers Forum on Age,

a network of leading companies including Cadbury, British Airways and Midland Bank, co-ordinated by Age Concern, to give a public voice to the business value of attracting and retaining experienced staff, regardless of age.

"In recent years, many employers, under pressure to cut their workforces, have operated a simple policy of removing the over-50s, taking the cost on the pension fund," notes Howard Davies, Deputy Governor of the Bank of England and the Forum's chairman.

"Older employees have thus got the message that they are seen as indispensable, less valuable than younger employees. As a result, much valuable human capital has been thrown away."

Mr Davies believes there is

a danger these attitudes will become entrenched to the detriment of business as the population grows older.

Employers, he says, are now beginning to realise the true cost of releasing mature staff – not only in terms of redundancy and early retirement payments, but also the loss of experience, judgement, reliability and empathy with customers.

The Forum is keen to counter what it calls some of the myths about older workers. It cites the example of high street retailer and forum member WH Smith, which estimates that a 1 per cent turnover in staff costs the company £800,000.

Faced with evidence that workers in their twenties are four times more likely to leave than their older colleagues, WH Smith has concluded that

recruitment and training of older workers saves it money.

One of the company's newest recruits is Hazel Gayton, a 51-year-old grandmother of three. She was made redundant three years ago when the insurance company with which she'd spent ten years in the accounts department decided to move its office from Croydon to Tunbridge Wells.

"I didn't want to do the extra travelling," she recalled yesterday. Mrs. Gayton works five days a week from 8.30am to 1.30pm with two other women, aged 21 and 36. It is an arrangement which suits her.

"I've always worked in a mixed age group environment. I prefer it. It's certainly better than working just with youngsters."

Polly Toynbee, page 15

Advice from the 'overqualified'

Peter Cook is a chartered civil engineer by training who spent many years in the construction industry, running George Wimpey subsidiaries in Nigeria and Brazil, writes Patrick Toher.

Today he works as a DIY adviser at B&Q, in Wandsworth, south London. "I left Wimpey in 1986 to work for Harrison & Crosfield, a supplier to the building trade. The chairman was 72 and I think he preferred working with older people.

CASE STUDY

"I ran their Belgian and French operations, but in 1993 the company decided they didn't want to employ people over 55. I was persuaded to take early retirement, which is a bit of euphemism for being made redundant."

"I started applying for other jobs, things in the managerial sphere, but the agencies always came with the same answer

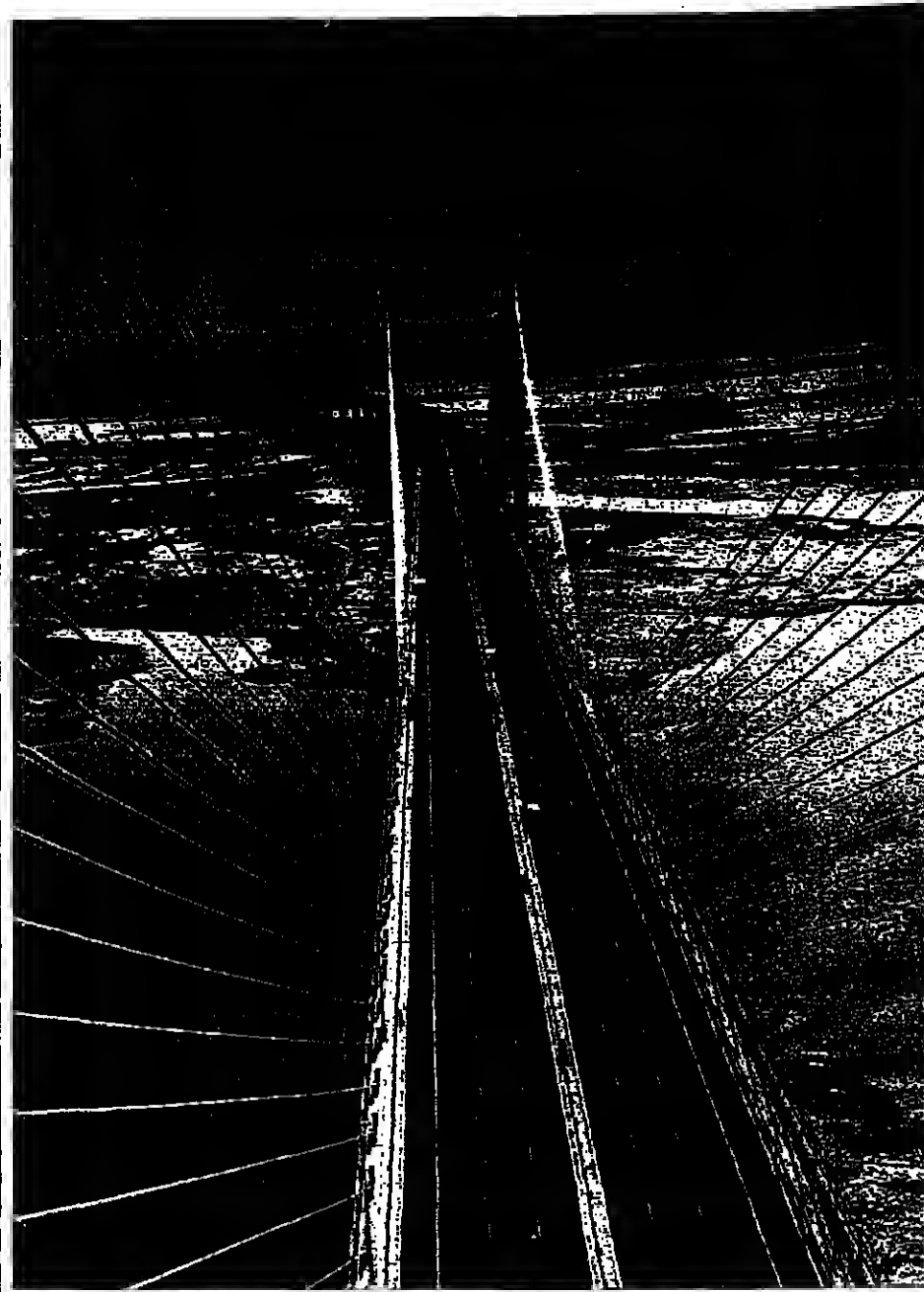
that I was 'overqualified'. I probably was, but it was another way of saying I was too old."

"Last year I heard B&Q were looking for a DIY adviser. Coming from a construction background I felt I was suitably qualified."

Mr Cook is enjoying every minute of his new job. "This morning I helped a guy whose waste system to his sink had collapsed. I also advised someone who has just bought a cottage

which only has a concrete floor. They wanted help on putting down a wooden one."

He says B&Q employs a relatively high proportion of older people. "About 12 per cent are over 50 compared to 21 per cent in the country as a whole. That's high by company standards. I remember asking Esther Rantzen what the figure was for the BBC. She was amazed to find it was 2.8 per cent and she was one of them."



Charity walk: Pedestrians crossing the second Severn bridge linking England and Wales yesterday. Walkers will be banned when the bridge opens next month. Photograph: Christopher Jones

Postal chief's fears for service

BARRIE CLEMENT
Labour Editor

An internal Royal Mail briefing today warns managers that threatened national strikes would cause severe damage to the business with far-reaching consequences to the future of the service.

The warning is issued on the day that the Communication Workers' Union sends out ballot papers to 140,000 members who are being urged to take industrial action to secure a reduction of the six-day working week to five days.

Both sides are convinced that the ballot is likely to produce a "yes" vote and the Labour Party is concerned that prolonged disruption could effect its electoral chances.

The Post Office memorandum, which was signed by Brian Thomson, personnel director of the Royal Mail, urges managers to undertake a massive "hearts and minds" campaign to persuade the workforce to vote against action.

The note says that senior management had pressed union representatives to resume negotiations which broke down in March.

Mr Thomson writes that the talks were not completed and that union concerns over the introduction of team-working could be addressed in further discussions.

Uniforms-for-offenders move provokes outcry

HEATHER MILLS
Home Affairs Correspondent

The latest tough law-and-order initiative – to "label" offenders on community service by making them wear marked protective clothing – has been condemned as "humiliating and counterproductive".

Social workers and probation officers say the plans also contravene human rights legislation and EU agreements guaranteeing an offender's self-respect, and may be challenged through the courts.

The scheme is being launched in Scotland as part of the Government's programme to toughen community service orders. Offenders are likely to receive more hours working on "physically demanding" work – preferably on environmental projects.

But Michael Forsyth, the

Secretary of State for Scotland, and former prisons minister, says schemes north of the border should also be seen to be "visible and testing".

In a circular to the 32 local authorities in Scotland he calls for the setting up of more community-service schemes – all to be physically demanding and all to be marked out, he suggests, that where vehicles and protective clothing are used, "community service" should be written on them.

But David Colvin, Scottish secretary of the British Association of Social Workers, (BASW) said yesterday: "We think this is offensive and degrading and... research indicates it will be counterproductive."

BASW has taken legal advice and has written to local authorities in Scotland calling on them not to implement the scheme. The association points

out that community service, when tailor-made for offenders, succeeds in diverting 70 per cent of offenders from crime. Hard-work only schemes of the type envisaged by the Government are only half as successful.

A Scottish Office spokesman yesterday denied the plans breached any laws or agreements or that they were degrading. "We simply want to mark out the community service [workers] – these are after all people who have committed offences," he said.

Harry Fletcher, assistant general secretary of the National Association of Probation Officers said: "Once you start to introduce uniforms, not only do you label and degrade, you start to introduce points of conflict. This will be completely self-defeating and is only designed to please the Conservative right-wing."

Forest fungus with a difference

NICHOLAS SCHOON
Environment Correspondent

During a warm autumn in the New Forest, the dung of the famous ponies becomes spotted with small white, speckled discs. This is a rare fungus, one of the rarest in Europe and so-called because it resembles the head of a nail driven into the dung.

It can only grow in the faeces of horses and ponies fed on

acid grasslands with no use of artificial fertiliser. It also has to pass through their bowels before it can grow at all. Once fairly widespread in Britain, it is now thought to be almost completely confined to the forest, in

Hampshire, because of the decline of horse grazing in that kind of habitat.

In autumn these discs eject spores on to the surrounding grass. They – or something they grow into (no one has yet found out what happens to the spores) – has to be eaten by a pony during the next autumn before the fungus can begin to grow in newly deposited dung.

This species, *Poronia punctata*, is one of four fungi for which rescue plans have been proposed by a committee of civil servants, wildlife scientists and conservation groups.

Costed plans for a total of 116 plant and animal species and 14 types of habitat were published by the committee last December. This week the Secretary of State for the Environment, John Gummer, will give his response, and indicate the kind of backing the Government is willing to give to the initiative, part of Britain's response to the 1992 Rio Earth Summit and the biodiversity treaty signed there.

The action plan for the nail fungus calls for it to be restored to 10 former sites by 2004, to study its requirements and maintain its New Forest population. The key requirement is to maintain horse and pony grazing on the right type of pasture.

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news

Paper chase for mystery vegetables lost in seeds of time



Green lobby: Simon Hickmott of Ryton Organic Gardens with, above, seeds for Lazy Housewife, and left, Stoke lettuce. Photographs: Dan Chung

CHRIS MOWBRAY

Gardening sleuths are to comb back copies of one of the world's oldest newspapers for references to long-lost vegetables which graced 18th-century dining tables.

They hope the investigation may lead them to varieties still growing in private gardens – and provide a genetic seed-bank.

The Henry Doubleday Research Association, Europe's

largest organic gardening organisation, hit upon the idea when they were sent a copy of the *Berrow's Worcester Journal*, dated 25 February 1796.

Alongside news of Napoleon's marriage to Josephine, the Worcester seed house of James Bigg and Co announced it was stocking two radish varieties known as the salmon and the early white transparent short topped. Bob Sherman, the association's curator, said: "This

was the first time we had heard of these two particular types of radish. We also came across a reference to two varieties of potatoes which, as far as we are aware, no longer exist. We realised that, because *Berrow's* is so old, its archives are an incredibly valuable source of information."

He is now appealing for volunteers to hunt through 300 years of back copies of the Worcester newspaper for further references. A mention of a market gardener might identify a village where today's gardeners could be questioned about old varieties still thriving.

Mr Sherman said: "We believe there are probably many other references in the archives which will tell us what people used to grow and eat in the 17th and 18th centuries."

The Coventry-based association has a seed library preserving more than 700 varieties

of old vegetables which are not officially recognised under European regulations which demand hundreds of pounds to register them as legal for sale. Its supporters swap rare seeds to ensure they do not die out. Mr Sherman said: "The preservation of old varieties is far beyond something you just stick in the ground, grow and eat. This is genetic material from which you can breed and it links vegetables into history."

One in three gays is victim of 'hate crime'

HEATHER MILLS
Home Affairs Correspondent

One out of every three gay men and one in four lesbian women have been the victim of a violent attack, according to the highest ever survey of homophobic crimes. Nearly all gays have been verbally abused because of their sexuality.

The report, "Queerbashing", to be published later today, reveals a frightening picture of homophobic violence and insults and contains graphic and disturbing accounts from the victims. Many had been the targets of weapon-wielding hate gangs. The report suggests there have been no less than 181 gay murders over the past 10 years.

Others had been abused by the people they had expected to protect them, family, colleagues – and the police. One man described how, when he left a gay club at the time of several gay killings in London, two officers said to him: "Watch your back faggot, they're killing faggots like you."

The campaigning group Stonewall asked 4,200 gay men, lesbians and bisexuals about their experience of homophobic violence, harassment, and verbal abuse in the past five

years. Of those assaulted, one in 20 had been hit with a weapon.

A third of all men and women had also suffered some form of harassment – some driven from their homes by homophobic neighbours, some receiving hate mail. One in 10 had been threatened or blackmailed.

And seven out of 10 had at suffered verbal abuse – like "dirty queer", "poof", "lezzie", "dyke" and "faggot".

For young people under 18, the statistics are even more alarming, with half of them likely to fall victim to attack and nine out of 10 of them subjected to verbal abuse.

Although the study acknowledges that there has been a striking shift towards greater tolerance and support for gay and lesbian people, it blames "deeply institutionalised homophobia".

It is the last respectable prejudice, reinforced by laws which still treat lesbians and gay men as second-class citizens," it says. It cites the unequal age of consent, the ban on gays in the armed services – which Stonewall is taking through the European Courts – section 28 of the Local Government Act, which constrains schools in

dealing with issues of homosexuality.

But it says there are "glimpses" of changes of policy – particularly in policing practice, with many forces dealing successfully with homophobic violence and chief constables currently drawing up a charter of best practice in officer training and in recognising and dealing with homophobic crime.

However, it accuses the Home Office of maintaining "an official silence".

In a foreword to the report, Jack Straw, the shadow Home Secretary, says the statistics are "alarming", leaving many gay people feeling neither the police nor the legal system are "there for them". "The violence and fear to which gay people are subjected is something which diminishes us all. Yet this is not just a matter of law and order... homophobic violence is indicative of the underlying barrier of discrimination," he says.

However, despite the "frightening and disturbing picture", the authors say: "We are not left with a feeling of despair... Alongside the horror, there was also a sense of resistance and determination to live openly and safely."

Queer-bashers' target left haunted by fear

HEATHER MILLS

Peter was on his way home from church when he was attacked by a gang who left him for dead in a south London street.

"I can still see the hate-filled face of the first attacker," said Peter. "I still hear the jeering voices – 'poof', 'faggot', 'bent bastard'."

"I was hit again and again and then I pretty much lost it. I fell to the ground in a pool of my own blood and don't recall any more until I woke up in hospital with drips and machines all round me."

Peter's physical injuries have now healed, but doctors told him it had been "touch and go".

Relating the events for Stonewall's study, reduced Peter to tears. "I thought I had dealt with this," he said. "I almost died because of some mindless morons – who are still roaming the streets."

The police believe Peter was the victim of British Nationalist Party "queer-bashers", but

have been unable to arrest anyone because Peter cannot recognise them. "That scares me. I have moved home, changed my appearance, changed my life routines and I am still constantly looking over my shoulder when I am out, even with other people."

"The physical stuff is long gone, but the mental and emotional trauma of nearly dying will take a long time to get over," he said.

Jill and Jan, a couple also in their 30s, were driven from their home on a south London estate by weeks of abuse and harassment from neighbours, mainly children.

Jill said: "We kept ourselves to ourselves and were out obviously lesbians."

It started with obscene material and handwritten notes being pushed through their letter-box. Then a group of estate children, aged about 12-14, joined in the torment. "They

waited until we got home, then banged on our windows and kicked our doors while shouting and calling us names."

One day it got too much for Jill who chased one of the children, demanding they go to her parents, so she could complain.

"Big mistake," said Jill. Half an hour later parents and children had gathered outside the flat, attempting to kick the door in. "The gang had smashed the windows and were trying to get in when the police arrived."

However the police were unsympathetic. They believed the children who said Jan had hit one of them on the head. "The gang were standing there making threats, holding sticks, bricks and bottles, but the police just ignored this. We were forced to apologise," said Jill.

They left but threatened to return and the couple made a snap decision to move out. "We went back a couple of days later to collect the rest of our belongings, but the flat had been smashed up and everything had gone."



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international

Hizbollah shows its guns are still firing

PATRICK COCKBURN
Jerusalem

Hizbollah guerrillas yesterday wounded five Israeli soldiers in south Lebanon, the first casualties suffered by Israel since its 17-day bombardment in April. The two attacks are likely to damage government claims that it achieved anything through the American-brokered ceasefire agreement.

In the first of yesterday's attacks Hizbollah guerrillas exploded a roadside bomb as an Israeli patrol passed near the outpost of Sojoud in the Israeli-occupied zone. They later opened fire with mortars on the outpost itself close to the Israeli border. One officer was seriously hurt by an anti-tank rocket and four others, including two officers, were injured by mortar shells.

Israeli artillery and aircraft immediately retaliated against

targets within the security zone. Planes fired rockets into suspected Hizbollah positions in Mt. Lebanon, the first casualties suffered by Israel since its 17-day bombardment in April. The two attacks are likely to damage government claims that it achieved anything through the American-brokered ceasefire agreement.

Under the terms of the ceasefire agreement arranged by Warren Christopher, the US Secretary of State, on 27 April, Hizbollah is allowed to continue its attacks on Israeli forces within the occupation zone. Both sides agreed not to target civilians and to refer to an international monitoring group.

The Israeli casualties inflicted yesterday are likely to undermine the claims by the government of Shimon Peres, the Prime Minister, that Operation Grapes of Wrath damaged Hizbollah. The guerrilla movement says only 14 of its men

were killed by Israel last month and it never ceased to fire Katyusha rockets on northern Israel. One pro-Israeli South Lebanon Army militiaman was killed and two were wounded in two Hizbollah attacks last week.

"The attacks on Israeli soldiers in south Lebanon prove Peres' failure in the Grapes of Wrath operation," the opposition Likud party said in a statement. Last month's offensive produced little criticism in Israel largely because there were no Israeli military casualties and only two civilians seriously wounded. If Hizbollah now presses its attacks it is likely to damage the Prime Minister in the run-up to the election on 29 May. "Peres had said the understanding [with Hizbollah] would last until the elections. The reality is different," the Likud statement said.

The ceasefire understanding envisaged the formation of a

monitoring committee comprising the US, France, Syria, Lebanon and Israel. Representatives, who held their first meeting in Washington on Friday, failed to agree on a framework for the committee's tasks, location and activities which were not specified by the April accord.

Meanwhile, Israel and the Palestinians have agreed to delay the Israeli troop pullout from most of the West Bank city of Hebron until after the elections, a government spokesman said yesterday. "We have decided, and this was decided together with the Palestinians, that we should delay any further developments in Hebron for the time being in order not to create a lot of friction," said Uri Dromi.

"The most important thing is to go to the election and then the next government will carry out all the obligations reached with the Palestinians."



Airlift: Medics evacuate injured Israeli troops from the Lebanon border area

Photograph: Yaron Kaminsky / AP

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Albania poll tests limits of freedom and fairness

ANDREW GUMBEL
Tirana

"The important thing about the Albanian elections," observed one urban European diplomat, "is that they should be free, fair and well-contested." Important indeed, but as the country gears up for its third post-Communist general election starting on 26 May, fairness looks like a relative term at best.

The leader of the opposition Socialist Party, Fatos Nano, is in jail on charges that have been denounced as spurious by international human rights organisations. Several other Socialists have been harassed by a judiciary steadily purged of nearly all independent or anti-government voices. Some 70 politicians, all but three of them from opposition parties, have been banned by a government-appointed commission from running for office.

Meanwhile, the ruling Democratic Party, led by President Sali Berisha, has a stranglehold on the broadcast media, which pumps out propaganda on its behalf. It has kept up steady pressure on opposition newspapers, with the help of a press law that has been used to penalise criticism of government and public officials in violation of Albania's own constitution.

The infringements of human rights have been so frequent and, often, so blatant, that even the US State Department, once one of President Berisha's most energetic champions, has issued a statement denouncing abuses by the security services, undue pressure on the judiciary and restrictions on the rights to assembly and free speech.

Perhaps more than any other eastern European country in the post-Communist era, Albania is struggling to accept notions of pluralism and an open society. Partly this is the legacy of 50 years of extreme repression, isolationism and deep poverty. No doubt some of the present corruption and racketeering is inevitable. But part of the blame must also go to President Berisha.

"He is building up a system of absolute state control," said Gramoz Pashko, a former minister now running for parliament with the Democratic Alliance, a rival centre-right party. "Instead of using his victory four years ago as a way of creating a healthy parliamentary democracy, he has become more and more authoritarian."

Despite - and perhaps because of - the advantages the Democratic Party has awarded itself, there is a strong chance that the Socialists will end up winning the election. Voter disillusionment with President Berisha is widespread, and most Albanians seem convinced that the Socialists - reformed heirs to Enver Hoxha's Party of Labour - will follow the example set by other former Communists in eastern Europe.

The political climate is thus racked by tension, and the fear among opposition groups and foreign diplomats is that the election could become invalidated through fraud, or even just the perception that fraud has taken place. That in turn could seriously destabilise a part of the Balkans that the

international community has worked hard to keep out of the wars in the former Yugoslavia.

Although mindful of this fear, the ruling party has sent a number of disturbing signals. The government has redrawn constituency boundaries, to at least some advantage for the Democratic Party, and altered the electoral system to penalise smaller parties. Earlier this week, the central commission disqualified 20 candidates on the grounds, contested by their parties, that some of the signatures of their sponsors had been forged. Many of the 25 were opposition figures running in sensitive constituencies.

According to Paskal Milo, a historian running with the centre-left Social Democrats, opposition members of electoral commissions are receiving threats amid indications that rul-



Sali Berisha: 'Building up absolute state control'

ing party loyalists are planning to stuff ballot boxes with extra voting slips. Foreign observers share some misgivings, although there seems to be a consensus that electoral fraud, if it takes place, can only be limited. Foreign diplomats say there are definitely people in the Democratic Party willing to cheat, but that Mr Berisha is discouraging them, if only because he needs the result to look authentic for his own credibility. Moreover, the country will be flooded with international observers.

But the issue could flare up if the results from the first round of the elections indicate a close race for the run-off on 2 June. Many observers are planning to go home after the first round, and the Democratic Party may feel emboldened by the fact that most European countries have expressed at least tacit support for President Berisha's government.

"We could face a very dangerous situation," said Mr Pashko. "If people feel they have been cheated, we will have civil unrest on the streets. That could destabilise not only Albania, but also Kosovo and Macedonia."

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Tudjman leans towards dictatorship

Zagreb — Barring an unprecedented diplomatic about-face, Croatia's admission to the Council of Europe will be ratified this week. But in the five years since President Franjo Tudjman led his country to war and independence, he has shown a marked disinclination to uphold the virtues enshrined by the council, which has imposed 21 conditions on Zagreb's membership.

One is that Mr Tudjman resolve in a democratic manner the crisis he sparked by riding roughshod over the elected members of Zagreb's local council, controlled by the opposition. Having rejected several council candidates for mayor, the President decided to wash his hands by dissolving the assembly and appointing a single commissioner in its place. He did the same in Rijeka,

where the county council was proving a little troublesome.

How Mr Tudjman will come up with a "democratic" solution is something of a mystery, given his utter refusal to accept defeat in Zagreb. "Tudjman lost the elections — that's the key problem for him, and he has not the honesty to admit that he lost," said Davor Gjenero, a political analyst.

Mr Gjenero fears that the radical faction within the ruling Croatian Democratic Union (HDZ) — that is, the more nationalist, right-wing element, many of whom are in fact Bosnian Croats from Herzegovina — will encourage the President towards totalitarianism.

"The biggest problem nowadays is whether Tudjman will transform his system into a full-blown dictatorship," Mr Gjenero said. "He has the pow-

Croatia's likely admission to the Council of Europe raises issues of human rights. Emma Daly reports

er... and he is capable of doing it, as his actions in Zagreb and Rijeka have shown." In theory, Croatia must fulfil the conditions laid down by the Council of Europe, which include democracy, freedom of the press and the judiciary, respect for human rights and minorities.

However, the omens are not good. Since Croatian entry was approved by the permanent representatives last month, the government appears to have geared up its campaign against the independent media and other opponents.

One newspaper has been closed (for violating technical and environmental laws) and a second hit with fines that could

bankrupt it (on bizarre tax charges), while the editor of a satirical weekly has been charged with insulting the President (under a new defamation law).

There are other subtle forms of attack. A prominent human rights campaigner, Ivan Zvonimir Cickak, was splashed across the front of the pro-government daily *Vjesnik*, accused of working for the Yugoslav secret police since the age of 16. The charges appear to be completely unfounded, local analysts say; for one thing, Mr Cickak was jailed and harassed regularly by the Yugoslav authorities.

Journalists outside *Panorama*, *Novi List* and *Feral Tribune* — the most recent media victims — are

eyeing their backs nervously, wondering when they will be called in for an "informal chat" with officials. *Novi List* is planning to fight the tax charges in court, but few analysts here have much faith in the judiciary.

"The legal system in Croatia in 1990 was in an awful condition and now it is worse," Mr Gjenero said flatly. The parliament — controlled by the HDZ — appoints the committee that in turn appoints judges for life, a system of patronage that provoked the resignation last year of the justice minister.

Television and most radio stations are under the total control of the HDZ, which runs the three state channels.

During elections, the nightly news becomes a lengthy HDZ campaign advertisement.

But with the business of Croatia's five-year conflict mostly finished, ordinary people have begun to question Mr Tudjman's rule. The HDZ, which came to power on a platform of Croatian nationalism and independence, is on a downward slide. Without the fig-leaf of war with the Serbs, it has been exposed as corrupt and inept — hence the need to crack down on the media.

The HDZ radicals, Mr Gjenero said, do not want closer ties to Europe, for good financial reasons. "They are very isolationist, and it would not serve their economic interests," he said. "If Croatia really becomes part of the economic process, if it has open markets and a democratic system, the econom-

ic monopolies created over the past three or four years will collapse."

This, of course, is the hope of those supporting Croatian entry. "There is no problem with the principle of Croatia joining the Council of Europe. The debate is one of timing," said a Western diplomat in Zagreb. "There are those saying, look, Croatia is moving in the right direction, we should take them in now." That, he added, is the position of the opposition here.

But Mr Tudjman shows few inclinations towards "European" values. He assures horrified diplomats that while some, Catholic Croatia, will act to keep the filthy Serbs and Muslims out of "Europe". "It grates," admitted the diplomat, of Croatia's admission to the Council.

Leading article, page 14

IN BRIEF

Russian dies in rebel ambush

Grozny — One Russian serviceman was killed and four were wounded yesterday when rebels ambushed a troop column in the Chechen capital Grozny, Interfax news agency said.

About 20 rebels attacked the convoy in Grozny's Zavodsky region at around midday, opening fire with automatic weapons and a grenade launcher before escaping in a car, it said. An armoured vehicle was destroyed.

Several Russian servicemen were also injured when rebels attacked a military column near a rebel stronghold in western Chechnya, the agency said. The attacks highlighted the problems facing Russian troops in Chechnya despite tighter security before a planned visit by President Boris Yeltsin.

Braveheart's dream

Mantua — Northern League leader Umberto Bossi pushed on with his dream of splitting Italy in two as his party elected its own "shadow government" and set out a five-point plan to break free from Rome. The man who sees himself as Italy's "Braveheart" said it was time to show that the north could govern itself. Party members meeting in the mediaeval town of Mantua, where Mr Bossi last year set up a self-styled "parliament of the north", voted unanimously for Giancarlo Pagliarini to become the government's prime minister. Mr Pagliarini, a minister in the brief 1994 government of Silvio Berlusconi, was the only candidate.

By rail to Persia

Ankara — President Suleyman Demirel flew to Iran to attend today's opening of a railway line to Turkmenistan, part of the 185-mile railway, which will connect Iran's Mashhad and Turkmenistan's Tjelen towns, will offer the shortest journey to the Persian Gulf from the former Soviet Central Asian republics.

Catfish in a flap

Bangkok — Conservationists are warning that dam projects along the Mekong River to supply electricity are threatening the existence of the giant catfish. More than 100 conservationists and biologists are meeting this week in Chiang Rai, north of Bangkok, to discuss ways to save the endangered species — which can grow to more than 6 feet. The *Nation* newspaper reported.

French fear cuts in 'Draconian' budget

MARY DEJEVSKY
Paris

The dates of state visits are not chosen by the guest, but President Jacques Chirac, whose visit to Britain begins tomorrow, could hardly have chosen a better week to be out of France.

For tomorrow and Wednesday see the start of the French parliament's discussion on next year's budget, and all the advance information is that the French are in for some very strong medicine indeed, with an anti-public service taste such as made last year's budget particularly hard to swallow.

The options — described variously as "drastic" and "Draconian" by officials — include a cut in spending on a major jobs programme, the "contract, initiative, employment" scheme that was the cornerstone of Alain Juppé's economic plan a year ago but has proved of questionable benefit.

Other possibilities are non-replacement of some or all the 50-60,000 state employees who retire each year paring down special benefits enjoyed by state employees; and new restrictions on housing benefit.

The possibility of taxing fam-

ily allowances has been broached, but is unlikely to be decided in time for next year's budget. Mr Juppé is also considering a crackdown on tax and benefit fraud following the findings of a special commission last week that more than 100bn francs a year is lost to the treasury through the black economy. In all, Mr Juppé is seeking savings of at least 60bn francs.

Ministers have known of the proposals for spending cuts for two weeks. Mr Juppé called them together on 2 May to stress the need for a reduction in public spending in the budget for next year in view of new, and more pessimistic, deficit projections. They were reportedly told that all departmental budgets would have to be cut by at least 10 per cent and that nothing was to be regarded as off-limits.

An additional impetus for Mr Juppé's resolve to curb public spending was the tax-cutting theme that has re-emerged in Mr Chirac's public statements. During a recent visit to Amiens he said that "France has reached a level of taxation that must on no account be increased and can only come down". In a newspaper article

marking the anniversary of his election, last week, Mr Chirac promised specifically that taxes would start falling in 1997.

Mr Juppé's government has to square this imperative, with the equally urgent imperative to reduce public borrowing in time to meet the criteria set in the Maastricht treaty for joining a single currency by the beginning of 1999.

According to the timetable France has set itself, this requires public borrowing to be reduced to 3 per cent of GDP by the end of 1997. Many observers say that swinging public spending cuts are necessary to meet this requirement alone, without trying to reduce taxes as well.

If, as seems likely, state employees are to be in the forefront of proposals for spending cuts, this takes Mr Juppé back nine months, when he sacked his economy minister, Alain Madelin, for risking social unrest by making similar proposals. The fact that he now seems prepared to at least consider the prospect, suggests either that he is confident there will be no repetition of last year's public service strikes, or that there is no alternative.

Tears for victims of Stalin's reign of terror



Legacy of murder: A woman recalls her father on Ukraine's day of mourning for the innocents killed in Stalin's repression in the 1930s. Her plaque is in the Byconjva forest, near Kiev, where 150,000 victims were buried

Ghana admits Liberian refugee vessel

Takoradi, Ghana (Reuters) — Ghana relented yesterday and said that an old freighter packed with Liberian war refugees would be allowed to dock after earlier blocking it from the port.

But in Sierra Leone up to 1,500 refugees on board a fishing boat, the *Victory Reef*, which fled Liberia were ordered

out of Freetown harbour.

The freighter *Bulk Challenge*, which has been at sea for a week with nearly 4,000 Liberians on board, was heading back to the Ghanaian port of Takoradi. Earlier yesterday, Ghanaian authorities used floating cranes to prevent the freighter docking. The cranes were moved into the path of the vessel shortly af-

ter aid workers said shooting had been heard and that it appeared desperate refugees had overwhelmed the captain and forced him to try to dock at Takoradi.

"The vessel is running out of fuel so on humanitarian grounds they are bringing it back to refuel and to give medical assistance to passengers,"

one port official said. Witnesses said naval units were erecting tents in readiness, but it was not clear if Ghana would enforce its decision that only non-Liberians would be allowed to disembark.

Aid workers estimated that 20,000 Liberians fleeing war could now be at sea seeking sanctuary.

IT MANAGERS ARE INVITED TO A FREE BREAKFAST BRIEFING

RHICONSLTING
Information Technology Professionals

INDEPENDENT



Thursday 30th May 1996
Savoy Hotel, Strand, London WC2.
8.15am - 9.30am.

RHI Consulting, the IT Contracting division of Robert Half International, and the Independent newspaper are delighted to present this Microsoft briefing.

Microsoft is well known for its desktop products success and new generations of server applications running on Windows NT, but few people understand the consistent strategy which implements industry standards and Microsoft technologies across desktop and server platforms. This strategy is explained, enabling you to understand their Microsoft technology investments better and to obtain greater productivity using them.

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If you wish to attend this free Breakfast Briefing, please write to the address below, or telephone stating your company name and job title to: Yvonne McMillan at RHI Consulting, Walter House, Bedford Street, 418 The Strand, London WC2R 0PT. Tel: 0171 836 3545. E-mail address: am-rhic@half.demon.co.uk

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16 international

Rao vows to guard India's secular state

TIM MCGIRK
New Delhi

The Indian Congress leader, Narasimha Rao, yesterday staved off attempts by dissidents to oust him after the ruling party's election disaster.

Re-elected unanimously by Congress parliamentarians, Mr Rao vowed to support the "secular" of the Indian left to

prevent right-wing Hindus gaining power.

With a hung parliament emerging after India's elections, the right-wing Hindu Bharatiya Janata Party (BJP), as the largest party, is first to make a bid at forming a government. However, an anti-BJP alliance is forming to stop the nationalists taking over. New Congress MPs yesterday

pledged to give Mr Rao a "free hand" in deciding whether to join a coalition with the National Front, Left Front (NF-LF) or to prop up a leftist minority government from outside. The likeliest scenario is that Congress will not commit itself as coalition partners, and will prefer to wait until it regains sufficient strength to pull down a fragile leftist gov-

ernment. The president, Shankar Dayal Sharma, said he would give the parties several days before they must stake their claim to government.

Some leftists within the NF-LF group personally dislike Mr Rao, even though on Saturday they dropped their demand that Congress must ditch the ex-premier before bargaining can start. Jyoti Basu, a

Marxist leader within the NF-LF said, "If Congress wants to offer co-operation... it is well and good. It is the responsibility of the Congress to prevent the BJP from coming to power." Despite Mr Basu's age (80) he is expected to be chosen as the NF-LF's candidate for prime minister.

The leftist parties and Congress claim the Hindu revivalists are threatening India's

secular roots, that their religious chauvinism excludes the country's 120 million Muslims as well as its Sikhs, Jains and Christians. Even with a liberal, Atal Behari Vajpayee, as BJP leader, the party cannot shake its Hindu fundamentalist image.

The Lok Sabha's (parliament) 543 seats are scattered among the BJP, the NF-LF, Congress, smaller regional parties, and independents. So the right-wing Hindus' only chance at forming the next government is to lure over at least 70 MPs from the regional parties.

In exchange, these parties might demand that the BJP loosen New Delhi's dominance over India's many and varied states. Some argue, however, that this might lead to a USSR-style disintegration.

Uganda re-elects its old leader

DAVID ORR
Kampala

President Yoweri Museveni of Uganda was yesterday sworn in at an open-air ceremony in the capital, Kampala, having swept to victory in the country's first-ever direct presidential elections. He won a convincing 74 per cent of the vote while his nearest rival, the veteran politician Paul Ssemogerere received less than 24 per cent.

Hugely popular in Uganda and widely respected in Africa, Mr Museveni never seemed in danger of losing the poll. The extent of his win, however, rattled his main opponent who started crying foul before the announcement of the final result. Mr Ssemogerere, who was even trounced in his home district, accused the government of rigging the election. Despite some isolated cases of intimidation early on in the campaign, observers have declared the poll to have been generally free and fair.

Mr Museveni's victory will be seen as an endorsement of his economic policies, which have given Uganda the highest growth rate of any African country, and of his ability to maintain peace and security during the past decade.

Having been torn apart by Idi Amin's reign of terror in the Seventies, Uganda was then submitted to another period of bloodshed under Milton Obote during the first half of the Eighties. It was Mr Museveni who toppled Obote after a five-year bush war and in 1986 set about rebuilding the country.

The poor showing of Mr Ssemogerere in the poll can be partly attributed to an unwise alliance between his Democratic Party and the Uganda People's Congress, the party of the exiled Dr Obote.

Nowhere was this more amply demonstrated than in the southern kingdom of Buganda which contains a quarter of the electorate. Mr Ssemogerere, himself a Buganda, might have been expected to fare well in the kingdom, especially as he promised to restore its federal status. But his links with the party of Obote worked against him in Buganda which suffered severely under the dictator.

Mr Museveni's refusal to introduce multi-party democracy is not seen as an issue among the majority of Ugandans. His "no-party" system of government is widely regarded as an effective means of combating the tribal divisions which trouble so many African countries.

Mr Museveni, whose election slogan was "No Change", has said he will now concentrate on consolidating the achievements of his National Resistance Movement. Parliamentary elections are to be held next month.

Four die as new drug hits streets in US

RUPERT CORNWELL
Washington

A fake-heroin drug which killed four people in Baltimore on Friday night and sent 50 more to hospital emergency rooms has heightened police fears that drug dealers are testing out a deadly new product on the streets of big cities along the East Coast of the United States.

"This is a health emergency," the Mayor of Baltimore, Kurt Schmoke, said at a hastily convened press conference at the city's Johns Hopkins hospital which alone handled two dozen cases. Doctors said many of those brought in were hallucinating, lashing out at anyone who approached them and demonstrating memory loss and symptoms of paranoia.

"Cynical dealers are now marketing a new product," Mr Schmoke said. "They're trying to determine whether people die from it, or get high from it." The answer in Baltimore this weekend appears to be: both.

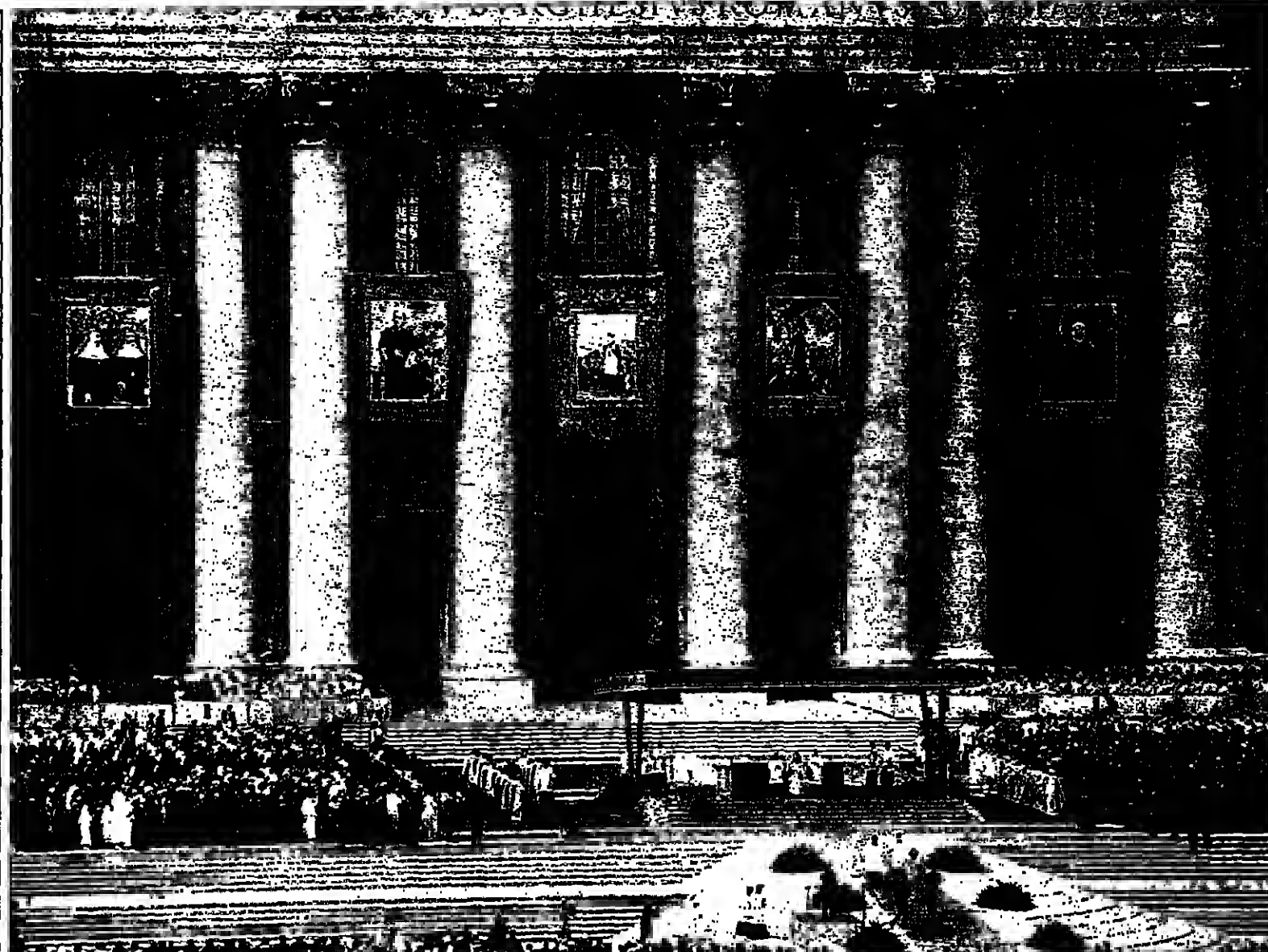
Adding to the authorities' alarm, the sudden outbreak in Baltimore came just 24 hours after more than 100 people were taken to hospital in Philadelphia, having taken a concoction nicknamed "Super

Buick" or "Homicide". Unlike the mixture discovered in Baltimore, the variant in Philadelphia did contain either heroin or cocaine.

But in both cities, similar additives were used. They include scopolamine, a key ingredient in medications against travel sickness, as well as dextromethorphan, a drug used in cough medicines to slow breathing, and guanine. According to Johns Hopkins doctors, the scopolamine was being peddled in capsules containing 1,000 times the recommended amount. Apparently the consumers in Baltimore who paid \$10 (£7) per dose thought they were buying heroin.

As of yesterday the new product had not reached Washington, where no unusual drug concoctions have been reported on the streets in recent days. Rather, the scopolamine-laced cocktails seem to be another stage in the unceasing competition between rival dealers searching to provide addicts with an ever-more potent and pleasing product.

Experts did not expect the lethal new strain to remain around for long. "Dealers have no interest in killing off their customers," one said.



'Heroic virtues': Pope John Paul II sits before the main front of St Peter's Basilica in Rome, which was hung with tapestries of three priests and three nuns whom he yesterday beatified - the penultimate step on the road to canonisation as a saint. Photograph: Paul Hanna / Reuters

Kenya's marathon man strides towards Olympics

LOCAL
HEROES: 16

Cosmas Ndeti

done so for an unprecedented fourth time.

His finishing in third place, however, did nothing to reduce him in the estimation of his huge Kenyan fan club. There are high hopes he will win a medal in this summer's Olympic Marathon in Atlanta. Ndeti is a national institution

in Kenya. But nowhere is he more famous than in his home district near Machakos, south east of the capital, Nairobi. Large numbers of youngsters, including not a few street boys, have taken up athletics and can be seen panting their way up the surrounding hills. Ask them what they are doing and they will tell you in Swahili: "Nienda kusemba ta Ndeti" ("I want to run like Ndeti").

The product of a simple rural family, Ndeti is now a millionaire with a punishing international travel schedule. He has gone jogging with President Bill Clinton and has been a breakfast guest at the White House after his Boston victories. A born-again Christian, Ndeti has built a church out of his winnings and has equipped several church choirs. Known for his generosity and humility, he is said to be putting three local Machakos children from poor families through school. "You don't eat alone," he says. "It doesn't hurt to share the little you have with brothers."

Ndeti runs between 20 and 30 kilometres a day. To fuel him, he prefers traditional Kenyan fare. Like most Kenyans, he has

no great taste for fancy European food. His staple diet is maize meal with vegetables and tea. When travelling to London, where he does a good deal of his training, his wife always brings those foodstuffs which cannot be had outside Kenya.

Ndeti sometimes comes across as the Cliff Richard of Kenyan athletics, a little sanctimonious and almost cleaner than clean. But he is not above admitting his own weaknesses. Of fellow runners who competed with him in the 1990 World Junior Athletics Championships (in which he won a

gold medal), he says: "Unfortunately some of the athletes became complacent after making some money. Some took to drinking and today they are broke and burnt out. Alcohol has ruined many athletes in this country. At one time I fell victim, until March 1993 when I sought Jesus Christ to be my saviour."

If he has one complaint, it is the way athletes are regarded in Kenya. "I believe this country does not know how to treat its heroes", he says.

David Orr



Vinner: Cosmas Ndeti at the 1994 Boston Marathon

This week in



THE INDEPENDENT

This week and every week, Section Two has a new look, with more pages, new features, a daily radio column and an expanded listings section providing Britain's most comprehensive daily guide to going out.



on Monday

A new regular section, Family Life, that deals with the interests and problems of parents and children. Julie Myerson's column also focuses on home life. Plus: a new series - Do we need? - which challenges the icons of modern Britain. And, every Monday unrivalled coverage of the expanding world of information technology in our Network pull-out section.

on Tuesday

How well are you? The first in a three-part series which examines healthy living in Britain in the

on Sport

A 24-page tabloid section with all the action from the weekend's sporting action. Plus: the Monday interview in which a leading figure comes under the microscope, an unbeatable results service, gossip, speculation and fact from behind the scenes and the best in sports photography.

on Wednesday

Bridget Jones's diary continues to chronicle the encounters and exquisite embarrassments in the life of Britain's most-read spinster. Plus: the midweek travel section, your money, finance

and law. In our back pages, Martin Newell, Britain's leading rock poet, and Neil Kerber, one of the country's funniest cartoonists, present their views of the modern world.

on Thursday

All our regular features, including Virginia Ironside's Dilemmas, John Walsh's column, plus film, education

and graduate plus. In the back pages, William Hartston's history of the world in 10 1/2 inches

on Friday

24Seven - a new 20-page pull-out-and-keep entertainment and listings section, including a complete day-by-day planner for the week ahead, plus

seven-day TV, radio and satellite listings, ticket offers and informed comment on the week's highlights. Plus: eight pages of pop and classical music

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Lesson for
Royal Mail

Lesson for
Royal Mail

No two countries are more alike than Britain and France, says John Lichfield, as Jacques Chirac begins his state visit

A relationship that mellows with age

President Chirac arrives in Britain this week in the mood of a man visiting a sick friend. The sickness is not physical: there is a grudging admiration on the Continent for the relative vigour of the British economy. Nor is the sickness the *maladie de la vache folle*. Whatever the *Daily Mail* may believe, there is no European *schadenfreude* at the plight of Britain's farmers. (There is a selfish, if understandable, determination to shore up continental beef sales, which have been stricken harder by the BSE scare than the trade in beef in Britain.)

The true sickness in Britain, seen from the eastern entrance to the Channel tunnel, is a psychological one. An old enemy, turned ally and partner, has been seized by a strange dementia: a paranoid delusion that bossy foreigners are plotting to swamp through the tunnel and abolish the British way of life. Worse, the mania has spread like ebola through the body and brain of the ruling party, at just the moment when it seemed that Britain and France might form a tactical partnership in the shaping of post-Soviet Europe.

There are no two countries in the world more alike than Britain and France. Both are convinced that their history is the world's history and their culture should be the world's culture. Both are medium-to-large economic powers which have lost an empire and found a seat on the UN Security Council. Both are determined to hang on to their nuclear deterrent, like a child's security blanket. On his last visit to Britain, in December, President Chirac signed a document with John Major which declared that the two nations could not imagine a threat to the vital interests of the one, which was not also a threat to the vital interests of the other. On this occasion, the two leaders may announce additions to the thriving Franco-British co-operation in defence, including a limited partnership between two proud navies, maritime rivals long before Trafalgar.

On almost all items of day-to-day business the two countries get on well: why, then, do we have such divergent views on Europe? Put another way, does France provide a model of what a more constructive British EU policy might be?

The former president Valéry Giscard d'Estaing says he has some sympathy for British exceptionalism, rooted in a different history and a different geography. But, in the end, he believes Britain is getting the worst of both worlds: "You have joined the Community but you have never really convinced yourselves that you want to take part in it. We are both very old countries, with pride in our cultures. Could we survive alone in the modern world? Clearly we could not. The French view is that we must define precisely what areas of life we want to keep to ourselves and what should be surrendered to the Community. The British position is that you join, then you complain. This is not a very creative position, always to be a reluctant member."

President Chirac, making the first French state visit for 12 years, has changed the tone of French EU policy. There has been none of the Euro-vaporising of François Mitterrand. A United States of Europe is off the agenda, even rhetori-

cally. This has been uncomfortable for the Germans, forever suspicious of a revival in Gaullist nationalist ambitions.

At the same time, Chirac has disappointed those British right-wingers who believed – foolishly – that he would shift France towards a helpfully Euro-sceptic viewpoint. Chirac, like any French politician, accepts the importance of the Franco-German relationship as the foundation of the post-war domestic politics of both countries. Officials and commentators in Paris say that Mr Chirac considered the possibility of abandoning or postponing Economic and Monetary Union (EMU) but concluded that it would damage Franco-German relations too much.

In truth, Chirac's *Europe politique* is pretty close to what the French position has always been: from de Gaulle, through Giscard to Mitterrand, France does not see Europe in the traditional German way, as a means of transcending or muffling suspect nationalism; nor in the British way, as a competitor for power and sovereignty. France sees the EU as a kind of extension of French power and influence.

According to the British tabloid demography, France is engaged in a plot with Germany to render all of Europe as cheerlessly standardised as an airline breakfast. France? The country with 360 different kinds of cheese? Anyone who has lived in France, or spoken at length to an articulate French person, or read a French newspaper, would find this proposition absurd. Anyone who has worked in Brussels knows how hard, and craftily, France fights within the EU to defend its national corner.

Unlike Britain, France identifies and defends national interests while simultaneously believing in European interests and the importance of strong European institutions. To Britons, this looks like hypocrisy. To the French, it is a sensible dualism: an acceptance of the need to divide and share political power in a diffuse and awkward world. France accepts marriage with Europe but reserves the right to have affairs on the side. As Giscard says, Britain has never, in her heart, accepted the principle of a supranational, institutional EU: it has always hankered after a looser, more co-operative arrangement: it wants from Europe not a marriage, but at most a series of flirtations.

Bearing in mind this distinction, it is interesting to look at the views of the present British and French governments on how the EU should develop into the next millennium. They are not as far apart as one might imagine. The French submission to this year's rolling Inter-Governmental Conference on EU reform went down relatively well in Britain: the British White Paper was well received in Paris.

Britain and France disagree about extending majority voting in the Council of Ministers (already the rule, not the exception). France is in favour; Britain

against. In truth this is a marginal, almost technical question. But it is symbolically important for Germany and the Benelux; and for the British Euro-sceptics.

In other areas, Britain and France mostly agree: both are against further powers for the European Parliament; both oppose majority voting on foreign and security policy; both are against bringing internal security issues, such as drugs and immigration, into the EU treaties proper. The White Paper confirms what the French had hoped for: that Britain could be a useful counterweight to Chancellor Kohl's more sweeping federalist ambitions. Hence French disappointment that Britain's influence in the IGC will be so limited. Influence depends on negotiation and Britain's negotiating hand is frozen by the Euro-scepticism in the Conservative party.

On European defence policy, the two countries are closer than at any time since the Second World War. This is partly the fruit of co-operation in the Gulf and Bosnia. Chirac has switched away from the traditional French policy of pushing for a European defence identity outside Nato; he now wants a European defence identity inside Nato. Britain and France – the only serious military powers within the European Union – are working together closely to develop the long-moribund Western European Union as a European wing of the Atlantic Alliance and loose security wing of the EU. The idea is that the WEU should be capable of operating separately from Nato, but with US blessing.

In the longer term, British and French defence ideas may diverge. France wants EU summits to have direct political control of this newly empowered WEU. The Chirac government even talks of the WEU being absorbed, some way down the road, into a fully-fledged EU defence policy. Both ideas go too far for this British government. None the less, the new military *entente cordiale* flourishes in numerous ways, some public, some very secretive, including a shadowy nuclear committee, which shares operational information in a manner that neither Britain or France is prepared to discuss.

There is, however, one considerable sticking point: Economic and Monetary Union (EMU). The French political elite – from the Banque de France to the Elysée – is determined to push ahead with the single currency, whatever the dangers. The French business community seems to have swallowed its doubts. French public opinion enjoys the grand sweep of the project but does not appear to have grasped that it means losing the franc; when this is pointed out to them, a large majority of French people say they are against it. French officials like to stress the practical, rather than Euro-visionary arguments for a single currency: the lower

interest rates, the currency market stability, the boost to trade. It causes amusement in Paris that right-wing British commentators and politicians criticise France for pushing ahead, at a time of high unemployment, with the "deflationary" economic medicine needed to achieve EMU. Is this not precisely what Margaret Thatcher did in the early 1980s? French officials say that the EMU-driven reductions in public spending and attacks on welfare excesses ordered by the Chirac government are necessary for the long-term health of the French economy.

Former president Giscard is adamant that EMU will happen – even if the Maastricht numbers are not precisely met – because the political damage from stopping the project would be too great. Another senior French official says: "It will happen. This is a political issue, not a financial issue."

Put another way, the political momentum for EMU may have become too strong to resist, whatever the practical dangers. EMU remains a high-risk venture. There is good reason – from a Euro-positive or Euro-realist viewpoint – for fearing that France and Germany may overreach and seriously damage support for Europe in domestic public opinion.

A senior French official, hearing this argument rehearsed in Paris recently, dismissed it – affectionately – as typical of British attitudes to Europe. "In 1930 the French invented the World Cup," he said. "Britain scoffed and said it could never work and anyway we're the only ones who can play football. You joined in 1950. In the 1950s we invented the European Cup. You wouldn't take part for several years. In 1957 two Frenchmen invented the Common Market. Britain said it would never work and anyway we're not interested. You joined in 1973. It will be the same with the Single Currency. When you see it working, you will join. You will feel obliged to join. We understand that; we respect that; we can wait."

A commonly expressed French view is that all will change after the next British election, no matter who wins. Britain, under Tory or Labour, will be able to take a more constructive view of Europe. Shared cross-Channel interests and attitudes will come sharply into focus. Britain will learn, from France, that you can defend national interests and be a good European; and that Europe is sometimes the best way to defend national interests.

Maybe. But it may also be that the French elite, used to ignoring their own public when it suits them, underestimates the effect of the Euro-bite pumped into the veins of British public opinion in recent years by a majority of newspapers and a minority of politicians.



Chirac and Major: last December they signed a document which declared that the two nations could not imagine a threat to the vital interests of the one which was not also a threat to the vital interests of the other

Britain will learn from France that you can defend national interests and be a good European, that Europe can be the best way to defend national interests.

DIARY

Mamet stages a fashion coup

David Mamet, the enigmatic and reclusive Pulitzer prize-winning American playwright, is entering the fashion business. This is rather akin to Harold Pinter setting up a stall at Harvey Nicks. Indeed, it is even more bizarre. Mamet (below) is a man of few words, most of them only to be found in the more progressive dictionaries. "You don't like the frock, lady? Then f— you!"

The playwright has hinted at his romance with fashion before. In a recent edition of *Esquire* magazine he wrote of his "heavy hunting coat, labyrinthine with pockets original," a garment of "high-ticket yet utilitarian perfection."

Those who fear a sell-out to materialism have need not worry too much. Mamet will not be challenging Versace on the catwalks just yet. His collection will be of mainly outdoor wear, sold via advertisements in subscription-only publications for weapons enthusiasts. (Mamet has his own collection of hunting knives.) And he will be marketing the clothes under the name of Joseph Morse. This is all reassuringly Mametesque. It makes no sense at all. Pressed by the *New Yorker* magazine for a comment on his new venture, Mamet replied: "I guess one could say that over the years I seem to have extended the area of my interest far beyond the realm of the rational." As fine a summation of the fashion industry as I have heard.

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A lesson for the Royal Mail

It's better by post? Not if you use prepaid envelopes provided by the Royal Mail, as Malcolm Hudson, headteacher of St Paul's Church of England Primary

School in north London, has discovered recently to his cost. Letters about a forthcoming school journey were sent out to parents in official white and blue first-class Royal Mail envelopes given to the school by the Royal Mail itself "as a goodwill gesture" when a group of children visited the local sorting office. A separate sorting office has since impounded the envelopes and is conducting an investigation as to how the school came by them.

In his new letter to parents, the head adds: "Should the Royal Mail subsequently try to deliver to you a white envelope with 'Royal Mail, first class' on the front and St Paul's name and address on the back, particularly if they try to surcharge you for it, you might wish politely to refuse it."

Reigate may offer Clark a comeback

The constituents of Reigate could find themselves with an even more controversial MP at the next election. With Sir George Gardiner facing the threat of deselection by his local Conservative Association for his role as a Euro-rebel and his criticism of John Major, the association is, I gather, eyeing another prominent former Thatcherite.

Alan Clark, man of letters and man

about town (below), maintains that giving up his Plymouth constituency in 1992 was a colossal error of judgement and he has since been looking for a way back into Parliament. He failed to be nominated to fight the Newbury by-election and was knocked out in the final stages of the new seat of Kensington.

With a majority of more than 17,000, Reigate is a seat worth hovering over, but if this comes to nothing he can take heart from the fact that it was 10th time lucky for Norman Lamont in Harrogate.

Small wonder

Reading the recent story about Siamese twins born in the US, I noted that the spokeswoman at the Salt Lake City Primary Children's Medical Centre was one Bonnie Midget. All children's hospitals should have such aptly named officials.

It's all a question of scale

Ah, the perils of a diarist's life. Last week I noted how there was a resurgence of viola jokes in classical music circles: eg. Why did the viola player marry the accordionist? Answer: upward mobility. So who do I get a letter from? Yep, a viola player who married an accordionist. Embarrassment or what? The upstart mobile Phil Rinkins of Cardiff tells me he sat in the viola section of Welsh National Opera for 10 years pondering why viola players were the butt of the jokes, and decided that the cellists were the worst offenders "because, I suppose, they were the most envious, and they had every reason to be. After all, it's not the size of your instrument, it's what you do with it."

Eagle Eye



Cranberries not on the menu

The first award ceremony for the *TV Times* was held at the Grosvenor Hotel in London last night. The ceremony was attended by a number of celebrities, including Michael Jackson. But for real rock, the television cameras should have gone to the *TV Times* awards ceremony, held in Dublin last night. According to a report in the *Irish Independent*, the ceremony was held in the home of a *TV Times* reader, and the winners were announced by a *TV Times* reader. The ceremony was held in the home of a *TV Times* reader, and the winners were announced by a *TV Times* reader. The ceremony was held in the home of a *TV Times* reader, and the winners were announced by a *TV Times* reader.

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If anyone can Canon can

There are worse injustices than 'ageism'

It makes sense for companies to keep mixed-age workforces, but not at the expense of jobs for the young

Why, only a month ago, writing an updated version of *Gulliver's aged Struldbruggs*, I warned of the inevitable rise of our own gerontocracy. I predicted we would soon see a grey-power push, but I did not expect my words to be followed by action quite so soon. For today sees the launch of a major campaign to outlaw ageism. The Employers Forum on Age will unfurl its banners with the aid of Howard Davies, Deputy Governor of the Bank of England, and other assorted luminati of industry. They want to change the hearts and minds of employers, encourage them to employ the over-fifties, and some want a legal ban on discrimination by age – a policy Labour is firmly committed to.

This is the apothecosis of the monstrous post-war baby-bulge generation. All our lives we have swept all before us with the sheer bulk of our buying power. It started in the very cradle – wasn't the NHS created in order to give birth to us and keep us alive longer than ever? When we were teenagers, all of society had to undergo our personal teenage rebellion with us. Now as our half century hoves into view, here we come! No-one is going to early-retire us forcibly, oh no. We intend to keep rocking and rolling, shaking and moving until we drop.

Today the new Employers Forum on Age will present a moving case. They estimate some one million over-fifties are looking for jobs but with little success. In 1975 almost all men aged 55-65 were in work; last year that figure was down to just 60 per cent.

Most organisations set out on an orgy of downsizing during the recent recession – promoted by those pernicious kwik-fixers, the management consultants. They were the hit men who came in for a couple of weeks to shoot down short-term costs and get the hell out with very fat cheques before any consequences came home to roost. Downsizing accelerated the rate at which the over-fifties were defenestrated into early-retirement. The worst case has been the finance industry, where 120,000 jobs have been lost since 1990, with an estimated 155,000 still to come by the year 2000. "There is virtually no one left in the industry over 50," says BIFU, the finance union.

The Employers Forum has salutary examples of where it went too far – where no-one with experience was left and companies lost their memories. The skills shortage was worsened by this wanton jettisoning of experienced older workers.

Some employers are realising their mistake. Nationwide Building Society, which recently merged with Anglia, "rationalised" its workforce and did itself of all its over-fifties. "But research has shown that certain groups of customers prefer to be served by mature staff, who have both key skills and experience," they found. So now they have set about recruiting older people again.

Glaxo Wellcome found that employing the brightest and best young graduates was not enough. They also needed experienced people who had seen past products through



POLLY TOYNEEBE

It is sad for fit 50-year-olds to find themselves on the scrap-heap. Sad, but not calamitous

from research to delivery – older people who would "get on with the real job in hand", without jostling for the boardroom. WH Smith found that workers in their twenties had a four times higher turnover than older workers, and it was costing them £2,500 a time to recruit and train each one. Now they try to hire older workers who stay longer.

Early retirement can look like an attractive option to a 50-year-old without promotion prospects. If he is earning, say, £30,000, he might be offered a £30,000 lump sum, plus a £15,000-a-year inflation-linked pension. He pays off the rest of his mortgage and sets off confidently to find another

job. It need not pay as much, but just something to bring in a bit and keep him busy. No chance.

No one wants him, with all his experience, even at a cheaper rate. Young managers prefer not to supervise older people, who remind them of their parents and undermine their sense of authority. In any case, they find older people boring, incomprehensible and not fun to have around. Prejudice runs deep.

Now it must make sense for companies to keep a mixed-age workforce. They need that continuity and memory, and all the foresight that comes from remembering past disasters. But that is something employers will discover by trial and error – or maybe with the help of a new wave of mega-expensive management consultants charged with the task of putting right what they put wrong.

But what of the concept of "ageism" – and a whole new panoply of discrimination law, with accompanying tribunals? Is failure to employ an older person really as pernicious as discrimination on the grounds of sex, race or disability? I think not. True, you can no more help your age than your colour. But you have had your turn at being young, and they will have their turn at being old.

It is sad for fit 50-year-olds to find themselves on the scrap-heap. But the chances are you have a home, your children are grown, you have a small income and your status as an ex-what-ever-you-were gives you some continuing identity. Retirement is respectable and life is full of enjoyable and useful things to do outside the world of paid

work. Sad, but not calamitous. Gangs of alienated unemployed 50-year-olds do not roam the streets mugging old ladies and spray-painting their tags on bus shelters.

Compare the fate of the oldies with the young who can't get their first job: even those with qualifications find it hard. They have nothing, lingering on in a perpetual adolescent limbo without status or meaning. In allocating scarce jobs, these desperate cases are in greater need than the early retired. The Labour Force Survey lists the unemployed – registered or not – who have sought work in the last month: 16- to 19-year-olds have a 17.1 per cent unemployment rate. Fifty- to 64-year-olds have only a 7 per cent rate.

Of course, employment is not a zero-sum game. The job offered to a 50-year-old office worker would not necessarily go to an inner-city kid with a reading age of seven. Those campaigning for the rights of older workers say, aggrieved, that there is no reason why we should not care about the job prospects of both the young and the old. Why choose? But enforcing laws – or even persuading and inducing employers to retain older workers – must affect the number of jobs for the young.

It is a fine (and rash) sight to see the best of British industry on parade for a good cause. But is the right of the huge baby generation to have-it-all-for-ever the best way for these great and good industrialists to expend their precious energies and sympathies?

OJ should not be a black idol

ANOTHER VIEW

Donu Kogbara

I can't speak for every member of the black community about OJ Simpson's visit to Britain. Some regard OJ as an untarnished hero and are convinced that he is innocent. Some describe him as a sell-out and coconut (brown outside, white inside). They feel that OJ was never black enough, citing his inter-racial marriage and rumours that he never socialised much with fellow blacks once he had made it.

My feelings are mixed. I'm terribly proud of this handsome black man, who, despite humble beginnings, strived and made it Big within highly competitive arenas like Hollywood and American sporting life. In this sense, OJ is a wonderful role model. He has shown us all that it is possible to reach the dizzying peaks, whatever your origins and despite the racism that still scars most black people's existences.

Having said this, OJ was also a regular wife-beater. The heart-rending, frightening tapes of Nicole Simpson begging her enraged husband for mercy are a matter of public record. I'm not sure whether or not OJ killed her. Like many black people in this country and the States, I reluctantly suspect that he was capable of it. But a man isn't necessarily guilty of premeditated murder just because he has a violent streak. And the LA prosecutor's office, by doing damned silly things like putting a thick, white trashy neo-Nazi policeman on the witness stand, failed to make its case against OJ.

I would have acquitted OJ. And I'm intensely irritated by the view that he should have been electric-chaired or jailed for life, even though guilt could not be proven. Still, OJ was – during his trial – revealed to be a dangerous character whose smooth, chivalrous, public image did not match the private hell through which he put his family. In this sense, that he represents hypocrisy, misogyny and appalling brutality, he is a dreadful role model.

So black Britons face a dilemma. This man has not been found guilty of anything except marital violence, which he may now sincerely regret. He has, in some ways, been a shining example and he has suffered unjustified abuse from the white media.

So should we hang out the flags and treat him like a flawed brother who deserves praise and support as much as criticism, or should we turn our backs on him on the basis that we deserve a better representative?

I am a great believer in forgiveness, so I don't think that OJ should be ostracised. But much is required of those who put themselves forward as public figures. And OJ has proved to be an idol with feet of clay.

Black people in Britain should have the confidence to set him aside and seek out heroes with higher standards.

The writer is a reporter on the BBC's forthcoming series 'Black Britain'.

How to hold China in our hands

The transfer of sovereignty over Hong Kong is an opportunity for bridge-building with Peking, argues Robin Cook

Forget for a moment the strident debate over loss of sovereignty to Brussels. Discussion of foreign policy a year from now will be pre-occupied with a transfer of British sovereignty to Peking. On 1 July 1997 Britain is obliged by treaty and by the Joint Declaration to return sovereignty over Hong Kong to China. It will be a historic moment for both Hong Kong and China, but it ought also to provide a valuable opportunity for the modern world to pierce the growing insularity of press and political debate in Britain.

Viewed from the other side of the globe, our present angst over whether we can bear to work with our immediate neighbours appears a pathetic failure to understand the skill of the industrial and economic challenge from the Far East. Every year China is adding to its industrial workforce the equivalent of the population of a decent-sized European country. Shanghai alone probably contains more construction sites for commercial and industrial development than the whole of Britain. The potential of the Chinese economy is awesome.

It is false antithesis to say Britain is required to make a choice between trade with China and commitment to Hong Kong. For the present, Hong Kong itself is much more important to our economy, taking three times more exports and accounting for 10 times as much British investment as the whole of China. In the longer term, a successful transfer of the sovereignty of Hong Kong, on terms that genuinely protect the human rights of the people and the prosperity of their economy, will enable Hong Kong to be Britain's bridge to China rather than a barrier to political understanding.

The Joint Declaration signed by Mrs Thatcher in 1984 is based on the principle that, after transfer of sovereignty, Hong Kong and China will be "one country but two systems". The treaty confers on Hong Kong the right to maintain its distinctive legal, economic, and political systems for 50 years after transfer.

The unease that can be heard in Hong Kong arises from doubts over whether two such radically different systems can really co-exist within one country. The degree of difference is



Safe passage to China: Britain must protect Hong Kong's booming economy, democratic structures and human rights in the transfer of sovereignty

Photograph: FT

illustrated by the case history of Han Dong Pang, who was imprisoned for leading a march of railway workers to Tiananmen Square in support of a student demonstration. In an experience shared by other dissidents, he was placed in a cell with a criminal suffering from TB and two months later had caught the infection. He was released when thought to be dying but saved by the invitation of the AFL-CIO to America, where he received treatment including the removal of one lung. Hundreds of others arrested in the crackdown after Tiananmen are still in prison with sentences stretching into the next century.

China is anxious to take the place in the world community to which its size and growing economic power entitle it. Representations from the world community on human rights therefore can have an effect. As a result of repeated exchanges with international jurists, court procedure from next year will be based on the presumption of innocence and the separation of the functions of judge from that of prosecution. The British

consul in Peking is providing rare help with training for the new procedures, despite the familiar efforts of the British government to undermine their work by eroding their budget.

Yet it is not so much pressure from outside China as pressure from within their own economy that may force the pace on human rights. China is deliberately targeting joint

The Tories must give to Hong Kong some of the energy they invest in Europe

ventures in hi-tech sectors to promote technology transfer, but such industries also promote a culture of innovation and information exchange. The different rates of economic growth across China have produced hundreds of millions of migrant workers escaping control of

the localised structures of the party, and also provoked an increasing need for regional pluralism. Even a Marxist – perhaps especially a Marxist – would be obliged to recognise that such huge, economic and social forces must force change on a political structure of hierarchical discipline and centralised authority.

The contradiction between the different degrees of economic and civil freedoms is demonstrated by the fate of Xi Yang, a Hong Kong-based prisoner for "stealing state secrets", which in this case is thought to be a reference to his speculation on the size of China's foreign reserves. It is hard to see how repression of such basic financial journalism can survive the emerging financial markets or the construction of the new multi-storey stock exchange in Shanghai.

In the meantime it is essential that Britain leaves in place in Hong Kong democratic structures that will help to preserve its differences. The central outstanding issue of whether such structures will survive Britain's

departure revolves around the future of the Legislative Council.

Chris Patten was appointed Governor by John Major with a deliberate intention of signalling a break from what was perceived as Foreign Office appeasement of China. As Governor he has taken advantage of his remoteness from Central Office to pursue impeccable social democratic policies, dramatically increasing official spending on health and education and improving pension provision. It is tempting to contrast the evident popularity that such policies have brought him in Hong Kong, with the unpopularity of his colleagues at home who have followed the reverse policies.

Chris Patten's popularity in China is another matter. Shortly after his arrival he announced new arrangements for election to a more democratic LegCo without even visiting Peking. The calculation was that Peking would be sucked along in the slipstream and obliged to accept the new arrangements as established fact. It has proved a miscalculation.

How would you spend the health service budget?

"We've been here for four days, and I don't think I would be in a position to make an intelligent, informed and educated decision about anything."

It's not surprising that Phil Maynard feels confused. It's not every day that a 44-year-old shop manager is given the task of deciding how the NHS should spend its money.

Phil is not alone. There are 15 others who share the task. They are on a Citizens' Jury, asked to decide the health service's priorities. Usually doctors and politicians do this job and we mean when they get it wrong. But when we take on the responsibility, how do we fare? Could such panels really play a useful role in deciding public policy?

What share of NHS spending should go on effective treatments for non-life threatening ailments such as hernias and hip replacements, rather than on uncertain treatments for more threatening conditions such as childhood cancer?

The people in the room know all about the last question: this Citizens' Jury is assembled in Huntingdon – where Cambridge and Huntingdon Health Commission famously refused treatment to Child B.

For four days, spread over a

week, the jury wrestles with the issues. It interviews witnesses ranging from Ron Zimmern, the authority's director of public health (surrogate over the authority's decision on Child B) to a cardiologist presenting the pros and cons of different pacemakers. Jurors see patients who have benefited from both complex and simple treatments, and a GP fundholder who wants the public and patients to carry the can a bit.

"Why on earth," he asks, "should I be making all these bloody difficult decisions about priorities without any help from you lot?"

Leading figures from the Royal College of Physicians and the National Association of Health Authorities contest the case for having a national framework for priorities or leaving choices entirely to doctors and managers.

Involving the public in decision-making is not easy. The Cambridge and Huntingdon Commission has tried harder than most. It has held patient discussion groups. It publicises its purchasing plans and recedes its plans for public meetings to discuss them. At one meeting two people turned up and at another about 40 – although only two of them, Dr Zimmern calculates, were

Involving the public in policy-making is not easy. A Citizens' Jury could offer the NHS a solution, writes Nicholas Timmins

not from patient pressure groups. The local Multiple Sclerosis Society, for example, may be adamant that £10,000 per patient should be spent on Beta-Interferon, a new drug that reduces the frequency of relapses but does not overall slow the progress of the disease. The public, he argues, might feel the £150,000 the authority will spend on this year would be better allocated to hip replacements, cancer treatment or other proven therapies. He wants help on such questions but the public isn't keen to oblige.

In a health service where authorities are appointed, not elected, how is the public's voice to be heard? The Citizens' Jury is the latest attempt to bring in the public's voice. It is

funded by the left-leaning Institute of Public Policy Research, the idea's chief advocate in Britain.

This first attempt enjoys mixed success. The jury struggles hard to understand how the NHS actually works, let alone how it should work. Even when offered all the levers of power, the jury doesn't want to take them. High regard for expert opinion – doctors, managers, public health specialists – remains.

The jury opts – by 15 to 1 – for the public to be consulted and for a national framework for priorities. But 14 out of 16 would prefer guidelines, rather than binding directives that this or that treatment should be completely excluded. Local flexibility, both for purchasing authorities, doctors and individual cases remains key. The jury believes proven treatment for relatively minor ailments should take the bulk of the budget – 60 per cent – but money should still go on the uncertain and heroic. Otherwise today's experimental treatment would never be tomorrow's routine.

By the end, Dr Zimmern – who argues that "there are no right or wrong decisions, only legitimate decisions" – is impressed. "This does look like one way of getting feedback of

the public view into the commission, rather than just the view of pressure groups," he says. He suspects it would be of most help for value-laden areas, for example, who should qualify for assisted conception where social as much as medical judgments may have to be made.

But a clear difference of view emerges over the influence such juries should have. Anna Coote, the IPPR's senior researcher, argues a jury should be given an explanation. If a commission rejects its recommendations, Dr Zimmern says that can't be done. The commission doesn't separately explain to the professionals why their view on something is rejected. It is the commission's statutory duty, he argues, to decide. In that case, Ms Coote, counters, how can anyone know the commission has taken the jury's view seriously?

It is an argument for another day. Dr Zimmern is left with a sense that a Citizens' Jury may indeed be an effective way of injecting the public view. "What I am not sure of," he says, contemplating a £13,000-£20,000 bill, which the commission has not had to meet, "is whether they are cost-effective, in terms both of the time and the money they take."

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obituaries / gazette

General Calvin Waller

Lieutenant-General Calvin A.H. Waller was less well-known than General Colin Powell, the chairman of the United States chiefs of staff at the time of the Gulf War, or than the theatre commander-in-chief, General Norman H. Schwartzkopf. As Schwartzkopf's deputy, however, and later as army commander in the Gulf and as a steady influence in an exorable command structure, he was almost as important to victory as either, and some Gulf veterans regarded him as refreshingly free from the pretensions of both his seniors.

Waller was one of the generation of American officers who set about wiping the slate clean of the disastrous morale and behaviour problems of the American army in Vietnam, where he served one year as a junior officer. The Gulf War showed that, as far as the military's general performance was concerned, they had succeeded. But Waller was well-placed to observe that not all problems at the higher levels of command have been ironed out.

As an African American from a poor background in the Deep South, Waller combined deep patriotic loyalty to the United States with a strong sense of the sensitiveness of black soldiers and non-commissioned officers.

His decision to retire from the army at the relatively early age of 53 was widely taken as evidence that he was disillusioned with the confusion and prima donna behaviour he witnessed in the high command in the Gulf War.

General Schwartzkopf,



Waller: a strong sense of the sensitiveness of black soldiers

though admired for his determination and also for rather surprising gifts as an alliance diplomat, was a by-word for temperance. He was given to flying into towering rages both with subordinates, whom he bullied unmercifully, and to do him justice - with superiors.

General Powell's memoirs,

while generously noting Schwartzkopf's good qualities, record that the general "under pressure, was an active volcano". Richard Cheney, the

Post journalist, Rick Atkinson, *Crusade: the Untold Story of the Persian Gulf War*, depicts Schwartzkopf as a megalomaniac and bully, and says that Cheney put in Cal Waller in order to calm Schwartzkopf's temper, protect the morale of his staff and "sweep up the commander-in-chief's broken crockery".

Waller was the right man for the job. He was a very different style of officer, quiet and free from arrogance. He did have the courage, however, to say publicly that the United States did not have enough troops in the Gulf to meet the United Nations' deadline of 15 January 1991 for starting the war.

Shortly after his retirement Waller was one of a small group of senior officers who endorsed President Clinton in his election campaign against President Bush. The decision may have reflected Waller's background as a black man from the Deep South, a member of a group for whom support for Democrats has been all but automatic since the 1930s. But it was also taken as expressing Waller's irritation with the Bush Administration.

When President Clinton, however, attempting to fulfill a campaign pledge, attempted to allow homosexuality in the armed services, General Waller testified before the Senate armed forces committee that this would lead to "a second rate force". "While I can sympathise with what gays are going

through," Waller said, "I draw the line when gays want to openly foist their lifestyle upon soldiers, sailors, airmen and Marines".

President Clinton issued a statement after Waller's death saying that the general "achieved prominence as a skilful and disciplined professional and a caring and enthusiastic commander". His rise from "humble beginnings" to be one of the highest-ranking African American officers in the US army, the President went on, "served as an inspiration to minority and non-minority officers".

Waller was born in Baton Rouge, Louisiana, and educated at two local segregated colleges, Prairie View A & M University and Shippensburg State College. He served 31 years in the US Army. In the 1980s he commanded the Eighth Infantry division in Germany, and in 1989 was appointed commander of I Corps. After his retirement, Waller went to live in Colorado and served as president and chief executive officer of RKK Ltd, an environmental technology company. In July 1995 he joined a Colorado-based environment contractor, Kaiser-Hill. He was on a trip to Washington with his wife when he died.

Godfrey Hodgson

Calvin A.H. Waller, soldier; born Baton Rouge, Louisiana 1938; married; died Washington DC 9 May 1996.

Jane Tabata

Jane Tabata was one of the first black women to play a major role in the South African liberation movement. She was active in that movement for most of her adult life and her contribution to the shaping of the whole body of political thought in the struggle was immeasurable.

Tabata was born in Cape Town to a prominent family. She remembered as a child Gandhi staying in her parents' house when he came to Cape Town to meet General Jan Smuts. She studied at the University of Fort Hare and after graduation entered the teaching profession. She became involved in politics in the early 1950s together with her brother, Dr Goolam Gool, and I.B. Tabata, who later became her partner.

They were the first generation of black leaders whose political training did not take place under the tutelage of the white liberals. They became immersed in socialist politics and were founder members of the Workers Party of South Africa. They were able to

chart an independent path of struggle for the blacks, which culminated in 1943 in the formation of the Non European Unity Movement, now known as the Unity Movement of South Africa (UMSA). The UMSA adopted a principled programme of struggle, the Ten Point Programme and a policy of non-cooperation with the oppressor. By adopting the Ten Point Programme, the UMSA set a plateau below which the demands of the black population could not fall.

Jane Tabata played an active role in training the youth. She helped found a students' organisation, the New Era Fellowship, and also a youth organisation, the Society of Young Africa. She played a leading role in the teachers' organisations, the Teachers League of South Africa and the Cape African Teachers Association, in the struggle against Bantu and Coloured education. In 1961 she became a founder member of the African People's Democratic Union of Southern Africa (APDUSA).

She was banned in 1961 for five years under the notorious Suppression of Communism Act.

In 1963 she and other members of the leadership left South Africa clandestinely on a mission for UMSA to seek aid from abroad for the South African liberation struggle. She was a member of the delegation to the Organisation of African Unity (OAU) in 1963, which presented a memorandum to that body requesting aid for the liberation struggle and for the recognition of the UMSA. The request was turned down as the OAU feared the UMSA's aims were too revolutionary.

In 1964 Jane Tabata became the official representative of the UMSA in Zambia. Enforced exile neither crushed the spirit nor diminished the energy of this indefatigable fighter for the liberation of South Africa. She was a person of strong principles and her singular characteristic was the sharpness with which she constantly defended the ideas of UMSA against all attempts to dilute them, for to her the

struggle for liberation was a struggle for life.

She wrote many articles during her political career and also a booklet "The Crimes of



Tabata: indefatigable fighter

Bantu Education". She was a prodigious reader and loved literature. When I phoned her earlier this year, she complained that I had taken her away from the latest novel she was reading, *Like Water For Chocolate*.

Jane Tabata returned to South Africa from exile in Zim-

babwe in 1993 and was elected president of the UMSA in the same year. In concluding a paper read in the UMSA conference when she was elected she said: "Today after more than 40 years of fascism, apartheid's rule has fallen apart, rotten at the core, the people in penury, its economy destroyed, and fraud and corruption reigning supreme. The broader borders have fallen out and they cannot rule in the old way. And now we, the oppressed, stand at the dawn of building a new life."

In an interview with the Cape Town paper *South* in 1994, turning to the future, she said: "We are soon to face a new historic period; that of socialism. Class differences will come to the fore under this new government. It will be rich against poor - a stark maturing of conflict will take place and workers and peasants will eventually be rewarded."

Norman Thrush

Jane Gool (Tabata), political activist; born Cape Town 19 March 1902; died Cape Town 6 May 1996.

Dr Neil Smith

Neil Smith was a skin pathologist of international renown, a remarkable clinician, and the leading opinion in the UK on the diagnosis of malignant melanoma and the management of cutaneous lymphoma.

At the time of his death, he was Director of the Skin Tumour Unit at the St John's Institute of Dermatology, St Thomas's Hospital, London, Director of Diagnostic Dermatopathology at the same Institute, and President of the British Society for Dermatopathology. In addition, he had the distinction of being a Fellow of three Royal Colleges: the Royal College of Physicians, the Royal College of Pathologists and the Royal College of Radiologists.

Born in Manchester and educated at Manchester Grammar School for Boys, Smith's study of cutaneous diseases began in 1974 when he joined the Dermatology Department of St George's Hospital, London, having qualified there four years previously. Smith was a very talented artist which perhaps explains his aptitude and early interest in dermatopathology, the microscopic diagnosis of skin diseases.

In 1977 he moved to the St John's Institute of Dermatology as Lecturer in Histopathology before his appointment as Con-

sultant Dermatologist in 1979 and Director of the Skin Tumour Unit in 1980. Although this Unit treats patients with all forms of skin cancer, its reputation was established principally in the field of cutaneous lymphoma and has become the national referral centre for the management of patients with this complex and sometimes fatal group of diseases.



Smith: dermatopathology

The Unit has added greatly to our knowledge of cutaneous lymphoma, particularly through the application of molecular biological techniques which are now used routinely as an aid to diagnosis and to determine prognosis. In addition the Unit has introduced new forms of therapy and was the first cen-

tre in the UK to use extracorporeal photopheresis, a method of irradiating circulating malignant cells using ultraviolet light. As a member of the European Organisation for Research and Treatment of Cancer (EORTC), Smith was one of a small number of pathologists selected to devise a new histological classification of cutaneous lymphomas.

Although his renown was in the field of skin pathology, Neil Smith was also an outstanding clinician with a meticulous approach to the diagnosis of rare skin disorders. He personally devised a pathology-based classification of skin diseases which comprises over 2,500 conditions. He was disdainful of many other less detailed diagnostic indices which he regarded as of administrative rather than of clinical value.

Because of his encyclopaedic knowledge of dermatology, Smith was often the opinion of last resort with complex or difficult cases. He was therefore greatly in demand both as a clinical opinion and as a pathologist, but despite these major pressures on his time he expended considerable time and effort on individual patients, many of whom were devoted to him.

Although his NHS appointment entitled him to undertake

private work, he never saw patients privately and worked considerably beyond his contracted hours. He could often be found in the Institute before six in the morning and at weekends preparing lectures for meetings. Few doctors nowadays would pursue such a daunting work schedule with such energy and enthusiasm.

He was also a remarkable teacher and lecturer and illustrated many of his lectures with high-quality drawings and diagrams of his own invention. Post-graduates attend the Institute of Dermatology from all parts of the world and dermatopathology is an essential part of their training. Dr Smith's tutorials were always packed, both with information and people. In demand as a teacher and speaker both within the UK and worldwide, he particularly enjoyed visiting Germany; he had acquired a flat in Berlin and delivered his lectures in fluent German. In 1994, the last year he was unaffected by illness, he delivered over 20 guest lectures, in Barcelona, Graz, Brussels, Argentina, South Africa, Brisbane, Boston and Greece. Indeed he loved nothing more than to travel, to meet old friends and make new ones.

Throughout his career Neil Smith wrote or contributed to over 70 major scientific publi-

cations and became a member of many learned societies both in the UK and abroad. He became a member of the Royal College of Physicians in 1973 and was made a Fellow in 1979. In 1993 he was elected a Fellow of the Royal College of Pathologists in 1995.

His many interests outside medicine include the theatre and languages, and he will be remembered as the resident, albeit sometimes controversial, cartoonist of the *New Musical Express* in the 1960s. However, his friends and colleagues will remember him best as a wonderful bon vivant and raconteur. Unfortunately, he required a cardiac valve replacement ten years ago and more recently did not survive a prolonged struggle against the complications of bacterial endocarditis - a struggle he surmounted with characteristic fortitude. He will be remembered by his friends, his colleagues and his patients not only for his wisdom and knowledge but for his incredible generosity and kindness. He is survived by Ron Munro, his devoted partner of 25 years, and his sisters, Brenda and Linda.

Estlin Croft

Neil Procter Smith, dermatologist; born Manchester 12 December 1906; died London 14 March 1996.



Clarke: pictures of consummate elegance with New York realism. Reproduced in French Vogue, 1955

Henry Clarke

Henry Clarke arrived on the US fashion scene in 1948 as an assistant in the props department of the Condé Nast Studios, and immediately became a witness to the changing face of post-war fashion photography. While American imagery was still dominated by *Vogue's* two great European style magicians, Horst P. Horst and the British photographer Cecil Beaton, the replacement of high elegance and whimsy with a photography more rooted in "the real" was already firmly on the agenda. Like many other photographers of his generation, Clarke was compelled to absorb into his work the press demands of the "new woman". While Christian Dior was successful in his launch of the billowing fabric-heavy New Look in liberated Paris, for many women, the freedom offered by full-time employment and tailored trousers in the mid-1940s was not to be easily relinquished.

For photography as well as for fashion, the Second World War had changed everything. Picture magazines had multiplied, and dominating them all was *Life* magazine, which brought to the United States public grainy and dramatic reports from the war zone, depicting the horrors as well as the heroism. Even *British Vogue*, which continued, Blitz or no Blitz, to promote haute couture to the wealthy, commissioned fashion photographs by Lee Miller and Cecil Beaton made against a background of bombed London, and wheeled its readers to the United States to see the emergence of two photographers, Richard Avedon and Irving Penn, who were to begin to ease fashion photography out of its elegant closet and bring it even closer to the dynamic of reportage.

Henry Clarke was the son of

Irish immigrants settled in California. Like so many of his generation, he found employment in the burgeoning American consumerism of the late 1940s, directing display at the Oakland department store, L. Magnin. But the cultural energy of New York City soon drew Clarke away from the West Coast, and in 1948 he travelled East to take up a temporary job with Condé Nast.

He soon became fascinated by photography, observing closely the differing styles of Penn, Beaton and Horst. He realised that the pace of the new photography depended very much on the use of the smaller more adaptable camera, and familiarised himself with the workings of the twin-lens Rolleiflex. But perhaps the most important step in his career was his decision to enrol on a course at the New School for Social Research, where Alexey Brodovitch, the now legendary *émigré* of the new photography was set to become a major force in the magazine world. Like so many of Brodovitch's students (who included both Avedon and Penn), Clarke learnt how to combine the fantasy of fashion with the energy of photo-reportage. Both models and gowns became players in a rich social drama.

Clarke's career in US fashion had hardly begun, however, before he decided, against the cultural tide, to move to Paris. Photographs in two early-1950s issues of the magazine *Kalidoscope* are virtually all that remain of his American beginnings. In Paris, he worked for the designers Jean Dessès and Molyneux, and for *Femina* magazine, also accepting commissions for *Harpers Bazaar* and *Album de Figaro*.

By the mid-1950s, he was working exclusively for *Vogue* magazine, producing pictures of consummate elegance, but still with that inimitable edge of New

York realism. In 1955, French *Vogue* published his photograph of the model Dorian Leigh wearing a dress by Jacques Heim. Posing Leigh against the background of a Courbet painting of two naked figures locked in a passionate embrace, Clarke made a picture of an angular elegant woman existing both disdain and intense sexuality. Though enclosed in a carapace of close-fitting silk, Leigh is energised-high style in a hurry.

Unlike so many of the photographers who emerged in the 1950s and 1960s (during which time he continued to work for French *Vogue*), Clarke never victimised women and fully accepted that fashion, though beguiling and extraordinary, is merely the stuff we put on our backs.

Since Henry Clarke worked for *Vogue* in the 1950s, styles in fashion photography have changed beyond recognition. New democrats of the fashion world such as Rankin, Wolfgang Tillmans, Ellen von Unworth and Corinne Day have situated fashion quite firmly in the here and now, in sparse bedests, in clubland and even in the cold tiling of the public lavatory. It may seem a world away from Henry Clarke's cool wit, but the structure remains the same, irony and a little displacement, an innate satire of an industry which depends so heavily on a longing for the unattainably perfect.

In the 1950s, just as much as in the 1990s, the best of fashion photographers codifying a society made up of signs and signals and picture a world in which the real is sublimely false, but where make-believe becomes inescapably real.

Val Williams

Henry Clarke, fashion photographer; born Los Angeles 1917; died Le Carnet, France 26 April 1996

Lord Houghton of Sowerby

One of Douglas Houghton's most far-sighted ideas was the proposal he put forward during the Select Committee on the Civil List 1970-71, writes Paul Richards (further to the obituary by Tim Delve, 3 May). The Select Committee, established by Harold Wilson, included Willie Hamilton and Joan Lester, and was established to solve the problem of the Civil List

failing to keep up with inflation. Even in those more deferential times, the tabloids complained about the "Queen's pay rise". Houghton's solution, driven by his strong loyalty to the Crown, was to establish a "Department of the Crown" instead of the Royal Household, and bring the annual expenditure of the monarchy before the House of Commons for an annual vote.

The Houghton Plan became for a short while Labour Party policy, and was narrowly defeated at the Select Committee by one vote. If Houghton's plan for reform of the monarchy's finances, to make them more transparent and accountable, had been implemented, many of the problems faced by the Royal Family in later years might have been averted.

Births, Marriages & Deaths

DEATHS

OVERSEAS Alan, aka Mr Sebastian. Tattooist and body piercer. Died peacefully from smoking related lung cancer, in London on 8 May 1996. For 37 years partner of Noel Arnold. Funeral service at 11.30am on 16 May. East Chapel, West London Crematorium. Flowers and enquiries to J.H. Kenyon, telephone 0171 937 0757. All welcome.

Birthdays Sir Crispin Agnew of Lochaw Bt. explorer and genealogist, 52; Miss Beatrice Arthur, actress, 70; Mr Joe Brown, actor and singer, 55; Sir John Cope MP, 59; Miss Eileen Doss, theatrical designer, 65; Mr Colin Ford, Director, National Museum of Wales, 62; Mr Peter Gabriel, pop singer and songwriter, 46; General John Galvin, US Army, former Supreme Allied Commander, Europe, 67; Dr Jane Glover, conductor, 47; Sir John Habakuk, former Principal, Jesus College, Oxford, 81; Mr Tony Hyde, racehorse trainer, 57; Sir John Johnston, former diplomat, 78; Sir Laurence Kurwan, archaeologist, 89; The Earl of Leven and Melville, Lord-Lieutenant of Nairn, 72; Mr Sydney Lipworth, chairman, ZENECA Group, 65; Sir Paul Osmond, former senior civil servant, 71; The Earl of Perth, former Govern-

ment minister, 89; Mr Tim Pigott-Smith, actor, 50; Sir Alfred Pugsley, civil engineer, 93; Miss Selma Scott, television presenter, 45; Miss Helen Sharman, astronaut, 33; Sir Conrad Swan, *Garter Principal King of Arms*, 73; Marjorie Townsend, former chairman, Anglia Television, 90; Sir William Urring, former chief inspector, Social Services, 66; Miss Zoe Wainmaker, actress, 47; Mr Steve Wonder, singer, 46.

Anniversaries

Births: Dante (Durante) Alighieri, poet, 1265; Maria Theresa, Queen of Hungary and Bohemia, 1717; John VI, King of Portugal, 1769; Pierre-Narcisse, Baron Guérin, painter, 1774; Henry Crabb Robinson, diarist and lawyer, 1775; Pope Pius IX, 1792; Louis-Leopold Robert, painter, 1794; Josephine Elizabeth Butler, social re-

former, 1828; Alphonse Daudet, novelist, 1840; Sir Arthur Seymour Sullivan, composer, 1842; Albert Anthony Visconti, conductor and musical teacher, 1846; Sir Ronald Ross, physician and bacteriologist, 1857; Vesta Tilley (Matilda Alice Powles, Lady de France), male impersonator, music hall artiste, 1864; Sir Frank (François Guillaume) Brangwyn, artist, 1867; Georges Braque, Cubist painter, 1882; Dame Daphne du Maurier (Lady Browning), author, 1907; Joe Louis (Joseph Louis Barrow), heavyweight boxing champion, 1914; Debrah: John van Olden, barneveldt, statesman, executed 1619; Sir James Thornhill, painter, 1734; Georges Baron Cuvier, zoologist and statesman, 1832; John Nash, architect, planner of Regent's Park and Regent Street, 1835; Joseph Henry, physicist, 1878; Alexander Buchan, meteorologist, 1907; Sholem Aleichem (Solomon J. Rabinowitz), Yiddish writer, 1916; Fridtjof Nansen, Arctic explorer, 1930; Sir William Gurney Benham, editor and newspaper proprietor, 1944; (Frank James) Gary Cooper, actor, 1961. On this day: Mary of Scotland was defeated during the rebellion at the Battle of Langside (Glasgow), 1568; after Captain John Smith and his party landed, the first permanent English settlement was made at Jamestown, Virginia, 1607; the Presidency of Quito became the Republic of Ecuador, 1830; the United States declared war on Mexico, 1846; an aboriginal team of Australian cricketers arrived in England and played 47 matches, 1868; German and Italian forces in Africa surrendered, 1943; in Algeria, rioting by French settlers led to the French Army seizing power, 1958. Today is the Feast Day of St Andrew Hubert Fournet, St Edmund, St Euthymius the Enlightener, St Glycéria of Heraclea, St John

the Silent, St Mucius or Modus, St Peter Regalatus, St Servatius or Servais and St Solomon.

Lectures

National Gallery: Walter Gibson, "Pleasant Places: the Dutch rustic landscape as an urban expression", 1pm.

Victoria and Albert Museum: Ronald Parkinson, "The Exhibition Watercolour", 2.30pm.

Leicester University, Dante Alighieri Society: Mr Neil Christie, "The Barbarians and Rome", 7.30pm.

Dinners

St Edward's School, Oxford Barrowes James of Holland Park, the writer P. D. James, was guest speaker at the third Literary Dinner held

on Saturday evening at St Edward's School, Oxford, Miss Juliet Barker and Mr Rick Stein also spoke.

No 16 Squadron RFC and RAF Association The 41st Annual Reunion Dinner of No 16 Squadron RFC and RAF Association was held at the RAF Club, Farnborough, on Saturday 11 May 1996. Air Vice Marshal R.H. Goodall, Chairman, and Mrs Goodall, received the guests.

Dame Nita Barrow A memorial service for the Dame Ruth Nita Barrow CCMG DA, late Governor-General of Barbados, will take place at Methodist Central Hall, Storey's Gate, Westminster, London SW1, on Sunday 9 June 1996 at 3pm.

ROYAL ENGAGEMENTS

The Duke of Edinburgh visits the Windward and Maidenhead District Sports Association for the Disabled and opens a new extension to the Clubhouse at Braywick Sports Ground, Maidenhead, Berkshire, and as President and Honorary Life Fellow, Royal Society for the Encouragement of Arts, Manufactures and Commerce, attends a reception to launch the William Shipley Appeal at St James's Palace. The Princess of Wales, Patron, International Spinal Research Trust, attends the send-off of Push 2000 at Kensington Palace, London W8. The Duke of Kent, Viscount, the British Overseas Trade Board, visits Automotiv Products Plc, Leamington Spa, visit Lumonics Ltd, Swift Valley, Rugby, and opens the new School House, Rugby School, Warwickshire.

Changing of the Guard The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am; 1st Battalion Welsh Guards mounts the Queen's Guard at Buckingham Palace, 11.30am, band provided by the Welsh Guard.

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Stock		Weekly		Index		Stock		Weekly	
Price	Chg	Price	Chg	Vol	Ind. Chg	Price	Chg	Price	Chg
347	+	347	+	100	0.00	347	+	347	+
348	+	348	+	100	0.00	348	+	348	+
349	+	349	+	100	0.00	349	+	349	+
350	+	350	+	100	0.00	350	+	350	+
351	+	351	+	100	0.00	351	+	351	+
352	+	352	+	100	0.00	352	+	352	+
353	+	353	+	100	0.00	353	+	353	+
354	+	354	+	100	0.00	354	+	354	+
355	+	355	+	100	0.00	355	+	355	+
356	+	356	+	100	0.00	356	+	356	+
357	+	357	+	100	0.00	357	+	357	+
358	+	358	+	100	0.00	358	+	358	+
359	+	359	+	100	0.00	359	+	359	+
360	+	360	+	100	0.00	360	+	360	+
361	+	361	+	100	0.00	361	+	361	+
362	+	362	+	100	0.00	362	+	362	+
363	+	363	+	100	0.00	363	+	363	+
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389	+	389	+	100	0.00	389	+	389	+
390	+	390	+	100	0.00	390	+	390	+
391	+	391	+	100	0.00	391	+	391	+
392	+	392	+	100	0.00	392	+		

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Exchange shake-up: Big guns will retain most of their privileges in the new regime, while sub-underwriting fees find support

Market-makers to keep perks

JOHN EISENHAMMER
Financial Editor

Powerful market-makers will keep most of their dealing privileges, notably exemption from stamp duty, when the City revolutionises the way it trades shares from next year.

The controversial privileges have been the subject of urgent talks with the Treasury and the regulatory authorities, after which the Stock Exchange can proceed with the final, detailed consultation on the introduction of the order-book dealing system.

A convergence of interests between the Stock Exchange, market-making firms and big institutional investors has blunted tentative efforts by the regulators, and most notably the Office of Fair Trading, to use the introduction of the new dealing system to get rid of most of the privileges.

It is understood that stamp duty on share-dealing will remain, despite renewed talk of abolishing it, and that the new-style market-makers will continue to enjoy exemption from payment.

Sources also indicate that the compromise reached last year on the delays permitted to market-makers before publish-

ing big trades will in effect be transferred to the new dealing system.

The whole issue of privileges is a very fraught area. They are meant to be there for market-makers taking risks in exchange for certain obligations. But everyone knows they are in fact abused for their own proprietary trading, a regulatory source said.

There were calls from the OFT for all the privileges to be scrapped, but one senior regulatory executive said: "This was seen as too great a risk when making such big changes."

Next summer the Stock Exchange plans to introduce an electronic order book for the top FTSE 100 stocks, where buy and sell orders will be automatically matched on screen. Initially, at least, the market-makers will continue London's traditional system of quoting firm buy and sell prices for the smaller stocks.

But many powerful institutional investors made clear their concern that the order book should also have next to it a facility guaranteeing liquidity for trading large blocks of shares through all market conditions.

The Stock Exchange also became increasingly concerned to preserve liquidity in the top

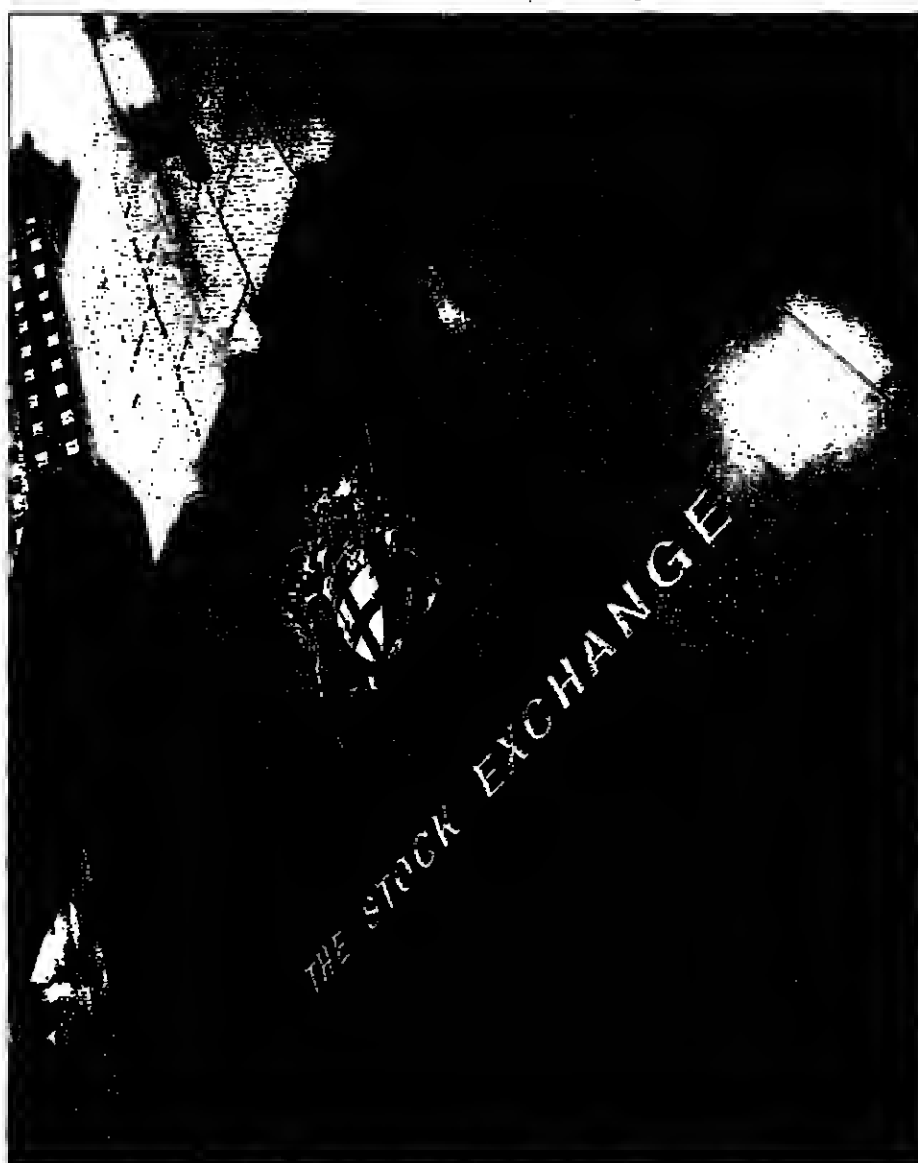
stocks for fear that if the reforms got off to a poor start, it would provoke even more fragmentation in and disintermediation in the market than it already faces.

These concerns converged with the lobbying of the market-makers to maintain their privileges, if they were still to be expected to commit large amounts of capital to keep shares trading.

Under the new system, market-makers are expected to be called registered principal traders. "You can call them what you like, but they will just be market-makers by another name," one senior investment banking executive said.

In return for their continued privileges, the market-makers will be expected to act as "liquidity providers of last resort". There will be no obligation to provide quotes in the FTSE 100, but there will be an obligation to make a price for client orders above a certain size that cannot be satisfied by the order book. However, the old obligation to deal with other market-makers will fall away.

"There needs to be a certainty of liquidity both inside the order book and outside it for block trades," a regulatory source said.



Powerful lobby: A convergence of interests has blunted efforts to remove privileges

Bank defends underwriters

PETER RODGERS
Business Editor

The Bank of England yesterday stepped into the row over whether City underwriters are charging too much for share issues, by dismissing claims that there is not enough competition in the market.

An article for the Bank's quarterly bulletin said an investigation by Paul Marsh of the London Business School, commissioned by the Office of Fair Trading, heavily overstated the profits made by sub-underwriters, which were less than half the level claimed.

The OFT is inquiring into underwriting commissions, believing that there is profiteering, and may refer them to the Monopolies and Mergers Commission later this year.

The Bank admitted that it had failed to explain away all the excess profit Professor Marsh found in sub-underwriting fees, but concluded that the evidence did not show inadequate competition in the share-issuing market.

The significance of the two studies is that what began as a highly technical exercise has developed into a fundamental argument about whether the City is operating restrictive practices. If it is, that could keep the cost of capital for industry artificially high compared with international competitors.

The Treasury is also known to be concerned about the impact of the high cost of capital on company financing.

In a related development, it is thought to be backing pressure from industry to loosen the right of existing shareholders to have first refusal of new shares in rights issues.

Of the normally fixed fee of 2 per cent charged for an issue, other than privatisations, 0.5 per cent goes to the investment bank organising it, 0.25 per cent to the brokers and 1.25 per cent to the sub-underwriters.

Professor Marsh claimed that the excess return made by sub-underwriters was 1.14 percentage points of their 1.25 per cent fee.

The Bank study reworked Professor Marsh's figures with additional refinements, and concluded that the excess return was only 0.49 percentage points. The article said that despite the smaller discrepancy, between fees and the cost of the service provided, "it is not possible to conclude from this that there is inadequate competition in this market, since firms do have a choice both of issuance technique and of underwriter."

The Bank said that companies in the US had "puzzlingly" moved in recent decades away from cheaper share-issue methods to sales of entire issues direct to underwriters, which is the most expensive method of all.

Watchdog set to hit British Gas shares

PATRICK TOOHER

The City is braced for a sharp drop in British Gas shares this morning as industry watchdog Clare Spottiswoode unveils her long-awaited new price proposals that could trim up to £400m off annual revenues and force the company to cut its dividend by as much as half.

Analysts believe the regulator will recommend price cuts of 10-20 per cent from April next year for the key transportation and storage business, TransCo International, which manages all of Britain's gas mains and pipelines. At present it must reduce its prices by 5 per cent in real terms every year.

Under a worst-case scenario, analysts reckon shares in British Gas, which closed at 238p on Friday, could fall to as low as 170p. The proposals could also raise doubts about plans by British Gas to split itself into two separate businesses - TransCo and British Gas Energy - next

year. The future of British Gas Energy, which will include the domestic supply business, is already shrouded in uncertainty because of its need to deal with an estimated £400m of over-priced take-or-pay contracts.

But analysts believe that new price controls for TransCo will have an even more profound impact on the value of British Gas.

Some industry observers were last night playing down the significance of today's announcement from Ofgas.

They say Ms Spottiswoode's proposals are likely to be no more than an opening negotiating position and are therefore likely to be aimed at the high end of market expectations.

British Gas has the option of either accepting the proposals or appealing to the Monopolies and Mergers Commission. Taking the latter course would almost certainly mean putting its de-merger plans on hold.

Companies see cost as key to raising prices

DIANE COYLE
Economics Editor

Companies are more likely to increase the prices they charge when their costs go up than when demand rises, according to a Bank of England survey to be released tomorrow.

The survey of 654 companies, published in the Bank's quarterly bulletin, shows that setting prices in response to changes in costs rather than market conditions is widespread.

The results of the survey, the first of its kind in the country, confirm the suspicion that price-setting in the UK is "sticky" compared with the pattern revealed by a similar survey in the US. The most popular way to set price reviewed by the Bank's questionnaire was as a mark-up over costs per unit of output.

The Bank notes: "There are many reasons why monetary

policy might affect the economy. Economists have long suspected that part of the reason might be that prices are slow to adjust."

More than a fifth of companies said they reviewed their prices as often as daily, and over half did so at least monthly. However, only 5 per cent actually changed prices as often as every month. By far the majority changed their prices only once or twice a year.

Price changes were more frequent in retailing than in manufacturing. Retailers typically reviewed prices every week and changed them three times a year, while manufacturers reviewed quarterly and changed prices twice a year on average. Companies signing long-term contracts with a high proportion of their customers - in construction, for example - changed prices far less frequently. In fact, the existence of

a contract was ranked as the most important determinant of price by the firms surveyed.

However, greater competition increased the number of price changes. The Bank suggests this is because the consequences of charging the wrong price are more serious in an industry where demand is more sensitive to prices.

Firms indicated that market conditions also influenced the pricing decision. Many said they were particularly conscious of what rivals were charging. Almost 40 per cent said they set prices at the highest level the market could bear.

There was also clear evidence of asymmetry. A cost increase was far more likely to lead to a price rise than a cost decrease was to trigger a price fall. But a drop in demand was more likely to be met by a price reduction than higher demand was to lead to a price rise.

Red face for Major as CBI exposes the tardy payers

PATRICK TOOHER

The Government's campaign to encourage companies to pay bills on time will receive a setback today with the publication of a survey by the Confederation of British Industry showing that small businesses are taking even longer to get paid than two years ago.

Its findings are likely to cause embarrassment to John Major, the Prime Minister, who recently pledged to shame late payers by forcing them to publish full details of their performance in settling bills.

The CBI survey found that late payment remains a problem for almost half of small and medium-sized businesses.

Although firms are improving credit control procedures and are writing off fewer debts than before, the average number of days taken for small companies to receive payment

has risen marginally to just over 53 days, the report says. And while fewer firms regard the issue of late payment as life-threatening, a quarter are having to wait for up to 90 days before being paid, up from 23 per cent in 1994.

The issue of late payment shot to the top of the political agenda earlier this year following remarks made by Michael Heseltine, Deputy Prime Minister, that as a small businessman himself he had been "quite skilful at stringing along the creditors". Late payment, he said, was part of the culture of British business.

His comments exposed sharp differences of opinion within the Cabinet and provoked a furious response from small business leaders. In March, Mr Heseltine's defence of late payments to small businesses was rejected by Ian Lang, President of the Board of Trade.

Mr Lang's position was backed by the Prime Minister, who announced a package of measures to encourage firms to pay bills on time.

Ministers. Mr Major said, would take the lead in clamping down on government departments and local authorities that delay settling bills which should normally be paid within a month.

League tables of departmental payment performance will be published each year and councils will be pressed to follow suit.

However, Mr Major stopped short of promising new laws to force companies to pay interest on delayed payment of bills.

Although business leaders complain that up to 5,000 small firms close down because of late payments, Mr Major and the CBI think there is a danger of creating more problems by introducing more legislation.

Works council 'maelstrom' ahead

BARRIE CLEMENT
Labour Editor

Large British companies will be warned today that they are facing a "maelstrom" of bureaucracy and litigation over the introduction of European works councils.

The stark warning will come from the Engineering Employers' Federation, which will point out that there are only 100 working days left before a potentially punitive Brussels directive is activated.

If multinationals have not set up a voluntary framework for consulting and informing employees by then, strict and detailed European laws will come into force which will dictate exactly how they should establish a works council.

Peter Reid, an employment law specialist at the EEF, yesterday estimated that a third of the 50 to 60 British companies who had adopted a "wait-and-see" attitude had done so through ignorance and prevar-

ication. If organisations had not already set in train a process for the creation of a council, they were now too late, he said. Unions in the UK and on the Continent had been granted £40m to prepare for the process - which worked out at around £60,000 per multinational - and were "well organised".

Many multinationals had good reasons to await imposition of the works councils under European law, Mr Reid conceded.

Some had delayed because they were undergoing restructuring and felt it was the wrong time to establish such a structure. Others found there was no "synergy" between businesses they owned in separate countries. One of Mr Reid's corporate clients has 29 business divisions producing 29 different products and services in EU countries.

But a significant number of British-based multinationals were unaware of the implica-

tions of the works council directive. "There's little doubt that some companies have little idea of how it will work and are heading for a maelstrom," he said.

The negotiations will be very constrained. There was a strong political flavour to the debate over Maastricht, so businesses did not look at the works council provisions because of the opt-out. The whole idea seemed alien to them."

Despite the UK's social opt-out from the treaty, all British companies with 1,000 employees in the 15 EU states, with at least 150 in each of two countries, must set up the consultative machinery if requested by workers.

The opt-out allows organisations to exclude British workers from the councils, but all those who have set them up, or intend to do so, are ignoring that provision.

The TUC estimates that eventually 3 million Britons will be covered by councils, whether employed by UK firms

or by foreign multinationals with British subsidiaries.

Nick Clark, a senior official at the TUC, said some firms had betrayed "astounding ignorance" on the issue, while others were secretly preparing a works council structure in an attempt to exclude unions.

Only two EEF members, GKN and Electrolux, have so far voluntarily created a council, but Mr Reid expects another dozen agreements by 22 September.

Outside the engineering sector, Coats Vynella, ICI, Pilkington, NatWest, United Biscuits and BT already have systems in place.

After September, the directive can be invoked at a qualifying company by any employee who can legitimately claim to represent 100 of his colleagues. All such companies will have to set up a council three years after that, or face even stricter laws which will dictate the exact form of the consultative structure.

IN BRIEF

• Michael Hephner, the former managing director of BT, is to be confirmed this week as the chief executive of Charterhouse, the investment bank. Mr Hephner, who resigned abruptly from BT last November, is expected to concentrate on developing the bank's pan-European strategy.

• Europa Telecom, the international distributor of cellular phones and accessories, will announce today that it intends to float on the London Stock Exchange. The company's advisers expect it to be valued at about £35m. Europa Telecom supplies 1,400 customers in 40 countries, including leading manufacturers Nokia, Ericsson and Motorola. Sales last year were £75.5m.

• A study by BT concludes that hectic workplaces are "bad for thinking" and that "good ideas get lost". Four in 10 senior executives said they don't get enough thinking time on the job, while 70 per cent said they think best outside the office. The study was commissioned as part of BT's efforts to encourage the growth of teleworking.

• ITV companies will today announce details of a £25m advertising campaign aimed at bolstering awareness of the country's leading commercial TV network. The campaign is masterminded by M&C Saatchi, the ad agency set up last year by Charles and Maurice Saatchi. ITV faces new challenges from the planned Channel 5 terrestrial service, which will be vying for a share of national advertising from its launch in January next year.

• The Government is expected this week to announce the creation of 4,000 new jobs in Wales, on the strength of a new silicon chip complex to be built by Lucky Goldstar, the Korean manufacturer, in Newport. It will be the largest inward investment in Wales for 20 years.

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STOCK MARKETS

FTSE 100

Index	Close	Week's chg	Change (%)	1996 High	1996 Low	Yield (%)
FTSE 100	3754.40	+2.8	+0.1	3857.10	3639.50	3.96
FTSE 250	4512.80	-2.5	-0.1	4568.60	4015.30	3.31
FTSE 350	1903.10	+0.9	+0.0	1945.40	1816.60	3.81
FT Small Cap	2224.35	+0.3	+0.0	2232.39	1954.06	2.92
FT All Share	1888.05	+0.8	+0.0	1924.17	1791.95	3.74
New York	5818.14	+40.1	+0.7	5899.74	5632.08	2.21
Tokyo	21420.12	-242.3	-1.1	22282.05	19734.70	0.72
Hong Kong	10597.73	-136.5	-1.3	11594.99	10240.67	3.41
Frankfurt	2468.78	+11.3	+0.5	2550.16	2284.86	1.90

Source: FT Information

INTEREST RATES

UK interest rates

Index	1 Month	1 Year	Medium Term (%)	Year Ago	Long Term (%)	Year Ago
UK	8.00	8.38	8.04	8.18	8.14	8.22
US	5.31	5.84	6.98	6.88	6.92	6.99
Japan	0.50	1.19	2.47	2.55	-	-
Germany	3.31	3.31	6.59	6.81	7.19	-

US interest rates

*All yields are annualised

Source: Merrill Lynch

Money Market Rates

Index	1 Month	1 Year	Medium Term (%)	Year Ago	Long Term (%)	Year Ago
UK	8.00	8.38	8.04	8.18	8.14	8.22
US	5.31	5.84	6.98	6.88	6.92	6.99
Japan	0.50	1.19	2.47	2.55	-	-
Germany	3.31	3.31	6.59	6.81	7.19	-

Benchmark Indices

MAIN PRICE CHANGES

Rises - Top 5	Falls - Top 5
Lucas Industries 234 British Petroleum 82.5 Avaya Group 348.5	Laid Group 456 London Electricity 779 Wm Morris Supermarkets 147
26 12.5 8.5 11.5 23.5 7.3	36 7.3 40 4.9 7.5 4.9

E/£

£/DM

Pound vs.

Index	Close	Week's Chg	Yr Ago
\$ (London)	1.5226	+2.01c	1.5649
\$ (New York)	1.5229	+1.55c	1.5656
DM (London)	2.3217	+2.89p	2.428
¥ (London)	180.431	+13.05p	188.09
£ Index	94.7	+1.0	95.5

Dollar vs.

Index	Close	Week's Chg	Yr Ago
\$ (London)	1.5226	-0.88	0.638
\$ (New York)	1.5229	-0.88	0.638
DM (London)	1.5249	-0.24p	1.55
¥ (London)	186.350	+10.82p	98.77
£ Index	96.4	+0.1	95.1

OTHER INDICATORS

Index	Close	Week's chg	Year Ago
Oil Brent \$	18.98	-0.19	18.32
Gold \$	392.30	-0.90	383.50
Gold £	257.72	-3.98	243.89

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Bond yields suggest that EMU is a fair bet



GAVYN DAVIES

The markets are subject to fads and fashions, and their mood might change without much warning... but we are at least observing the actions of people who have money to lose by making the wrong bets, so their views should be seriously held, if only for the time being.

Amid all the turmoil in the British political system about the onset of European monetary union, there is still a widespread expectation on this side of the Channel that it will never happen. This reminds me of the run-up to the launch of the exchange rate mechanism in 1979, when I was working as an economist in 10 Downing Street.

The prevailing Treasury view at the time was that the EEC would not be so foolish as to press ahead with such a half-baked scheme. Not only did the EEC surprise the UK government by doing so, but the scheme succeeded in holding together exchange rate relationships for the next 14 years, many of which saw Britain agonising about whether to join.

Instead of asking our esteemed diplomats what they think the chances may be of EMU being launched on time, it is instructive to observe what the financial markets are now saying about the odds.

Admittedly, the markets are subject to fads and fashions, and their mood might change without much warning. Never the less, we are at least observing the actions of people who have money to lose by making the wrong bets, so their views should be seriously held, if only for the time being.

Before the Madrid summit last December, the prevailing market view was that EMU would not start on time. There were doubts about the political will in France, and especially Germany, to proceed in 1999, and a strong feeling that the mini-recession which was beginning to envelop the Continent at the time, would make the budget deficit criteria in the Maastricht Treaty impossible to attain. The Bundesbank repeatedly talked of "strict" adherence to the criteria, which implied that it would oppose any attempt to

use the many loop-holes deliberately left in the Maastricht framework to allow the politicians to go ahead with EMU, even if the precise criteria could not be achieved. Many thought that the opposition of the Bundesbank would prove the political death knell of the project in Germany. Some even believed that the central bank would deliberately kill the project by holding German interest rates high, thus creating instability in the currency markets and pushing the EU economy towards recession.

Admittedly, this cynical view was always more prevalent among investors in the United States and the UK, where the whole EMU concept tends to be viewed with disdain, than in the core countries on the Continent. But market prices suggested that it was the prevailing view overall.

The most direct way of assessing the probability of EMU from a single price in the financial system is to look at the relationship in the currency market between the ecu and its "theoretical" value. The theoretical price of the ecu is the value of the basket of national EU currencies of which it is comprised. The actual ecu should trade precisely at parity against its theoretical value if, and only if, the market believes that an event will occur at some time in the future to trigger a transfer between the ecu and its constituent parts at par. In the absence of monetary union, it is not obvious that such a trigger need ever take place, so the ecu can trade at a discount to its theoretical value. But if the market believes in monetary union, with one euro fixed to be equal to one ecu on the date of EMU, the terminal value of the ecu is tied down, and the currency will trade at parity.

Shortly after the Madrid summit, the ecu was trading at a record 3 per cent discount



against its theoretical value, which implied that the market could buy a pound's worth of ecu for only 97p. Clearly, investors had lost confidence that EMU would ever take place, so the putative single currency was available at knock-down prices. But now that discount has halved to only 1.5 per cent, which implies that confidence is returning to the project.

This can be seen even more clearly from the bond markets. If there is a single currency in the future, new bonds issued in euros will all offer the same yield, give or take a small difference for the creditworthiness of different borrowers. National governments have similar credit ratings, so their bonds should all offer approximately the same return, with no differences being generated by variations in national inflation rates and other domestic economic "fundamentals".

One way of judging whether the market believes in EMU is therefore to observe whether forward bond yields in different countries all do in fact collapse to the same

rate after the date at which the single currency is due to come into effect. Amazingly, that is exactly what we find for the core countries - Germany, France, The Netherlands and a couple of others - for the years after 1999.

From then on, the implied forward bond yields currently built into the market are virtually identical to each other, which means that the market is already treating them as if they were certain to be serviced and redeemed in a single currency. The same is not, however, true of the bonds issued by the non-core EU countries such as Italy, Spain and Sweden.

Although yields on this group of bonds have declined recently relative to those in Germany, there is still a long way to go before absolute credibility is attained.

Goldman Sachs has just published a paper that explains how to assess the probability of EMU membership from the bond yield differences between these countries and Germany. This relies on assessing what the yield difference would be if the market as-

signed either a 100 per cent probability, or a zero probability, to EMU membership. If the actual yield difference is somewhere between these extremes, we can use this fact to assess the probability attached by the markets to EMU membership.

Employing this method, we find that the market is virtually certain that the core group will go... 1999, and that it attaches probabilities of some 20-35 per cent that Spain, Italy and Sweden will be in by 2001. For the latter group, probabilities have risen sharply in recent weeks, but obviously they still have further to go.

What about the UK? Not surprisingly in view of the politics of the issue over here, the market appears to attach a zero probability to membership by 2001. If it were to change this opinion, say with the election of a Labour government, then the difference between gilt yields and bond yields, currently standing at 190 basis points (1.9 per cent), would decline sharply.

In fact, for every 10 per cent increase in the probability attached to EMU membership, I calculate that long-term interest rates in Britain would drop by eight basis points. If Gordon Brown wanted to ensure a good reception for Labour in the financial markets, all he would have to do is promise to take the UK into EMU in the first round in 1999 (if permitted by other members). But then again if he made that promise, it might prove so unpopular with the voters that Labour would not get elected in the first place. The markets are not stupid. They know that any politician, even on the Labour side, who promises to take the UK into EMU may not be around for long enough to redeem that pledge.

When independence is the stuff of dreams

When he sleeps, Brian Davis sometimes dreams about his work. A good dream, for the chief executive of Nationwide is to see his building society, the UK's second-largest, trounce the opposition. In particular, a good dream means beating those societies, including Halifax, which plan to float on the stock market next year.

"My nice dream is where I see Halifax having converted to a plc and every member takes their money or shares next year and moves their savings to Nationwide because of our better rates," Mr Davis says.

The nightmare scenario, he concedes, is that this society might be forced to follow the others and de-mutualise.

"The bad dream is that short-termism might take over. That members might say, 'Well, look we would rather have the £500. We don't really care about building societies or the long term'. If that were to happen it would be a great shame."

Mr Davis's dreams, good and bad, encapsulate the dilemma facing the building societies movement, of which Nationwide is poised to become the

largest member once Halifax de-mutualises next year. Building societies dominated the home loans market as recently as 1994. But control of mortgage lending in the UK is set to pass into the hands of the banking sector, perhaps within the next 18 months. The radical transformation of the market will not be the product of a stand-up, knock-down fight between banks and building societies. Rather, nearly all the UK's top 10 societies are themselves crossing over to the other side.

The stampede to de-mutualise, signalled by Abbey National in 1989, accelerated two years ago when Cheltenham & Gloucester announced it would be taken over by Lloyds Bank. Since then, Halifax, Leeds Permanent, Woolwich and Alliance & Leicester have all announced that they too will make the change.

National & Provincial has been swallowed up by Abbey National, while Bristol & West has also thrown in the towel and

plans to be taken over by Bank of Ireland. In the process, more than 16 million society members are to share in a free cash-and-shares bonanza worth up to £20bn.

THE MONDAY INTERVIEW

BRIAN DAVIS

The challenges ahead have special meaning for Nationwide, and even greater poignancy for Mr Davis himself, as he prepares to become chairman of the Building Society Association, which holds its annual conference in Birmingham from Wednesday.

The Nationwide chief's emergence as a leading defender of mutuality strikes some observers as surprising. Certainly there is little in his background to suggest he would become a dyed-in-the-wool mutualist. A scientist by training, he earned a doctorate in a rocket-fuel technology. He spent his early working life at Esso, gradually moving up the oil company's management ladder before joining Nationwide in

1986 as general manager in charge of technology.

His promotion to chief executive followed the departure of Tim Melville-Ross, who left to head the Institute of Directors.

Mr Davis has not always been so pro-mutuality. Nationwide was pipped by Abbey National in the race to take over N&P last year. Had the two societies merged, they would have announced their own plans to convert to a bank, Mr Davis admits.

The irony, Mr Davis says, is that the experience of talking to N&P confirmed Nationwide's decision to stay mutual. "We learnt a lot more about what conversion entails. I had to say that I think it has worked out the right way and we are happy to stay the way we are."

Since then, Nationwide has moved to assert the benefits of mutuality by handing back more than £200m of annual profits to members in the form of mortgage rate cuts and savings rate increases. At 6.74 per cent, the society's variable lending rate is

half a percentage point cheaper than all the "wannabe" banks, cutting up to £40 a month off the cost of an average £50,000 mortgage.

Mr Davis dismisses claims by competitors that Nationwide's rates are a short-term headline-grabbing stunt. Nor does he accept the argument that flotation and the disciplines of shareholder democracy are the key to a well-run institution.

"That is one of the things people talk about. But we have improved our efficiency year on year for seven or eight years without the disciplines of the City. We don't need to go through the two-year pain and the expense of giving £100m to merchant banks to discover that discipline," he says.

In any event, he believes any handicaps societies may have faced in the past will soon be overcome by the new Building Societies Act, aimed at enabling them to widen the services they provide. He intends to use his year at the helm of the BSA to promote the passage of the Bill through Parliament.



Nic Cuttiti Rocket man: Brian Davis believes handicaps societies face will soon be overcome

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SCIENCE

Edited by
Tom WilkieTurning over
a new leaf

It's no longer fashionable, or even permissible, for scientists to spend time simply thinking or studying natural phenomena for any other reason than to develop a saleable product or process. More's the pity - as a paper published this month in *Letters in Applied Microbiology* shows. Written by five University of Aberdeen microbiologists, it establishes that bacteria deprived of their cell wall can live in close association with Chinese cabbage cells and thereby protect the plant against disease. The work has considerable practical possibilities. Yet it was initiated by the researchers' late colleague Alan Paton, as a result of observations made while peering for hours down a simple, old-fashioned microscope.

The Aberdeen research is based on varieties of bacteria known as L-forms. Bacteria of this sort have lost, either per-

A bacterium without cell walls could prevent disease in cabbages and other crops, writes Bernard Dixon

tical use of these associations might be to enhance the nutritional value of crops. Other new characteristics, such as drought and cold resistance, might be introduced into crops too.

The other putative range of applications is resistance to the fungi, viruses and bacteria that cause diseases. In theory there are several ways in which an L-form, living in close association with a plant, might protect it against infection. One would be simply by being there, barring the way to invasion by a harmful microbe. More actively, an L-form could produce an antibiotic that destroyed the invader.

This month's report by Anne Glover and her colleagues provides evidence that L-forms can indeed protect plants against disease-causing bacteria. Their experiments were in two parts. First, they prepared L-forms of the bacterium *Pseudomonas syringae* and added them to germinating Chinese cabbage seeds. They grew the seedlings, removed any surface bacteria and confirmed the presence of the bacterium inside the plant.

manently or temporarily, the ability to synthesise the materials that constitute their cell walls. They are bounded only by the delicate membrane that normally lies under the rigid wall. Most bacteria can be turned into unstable L-forms by treating them with penicillin or lysozyme (a natural antiseptic in tears and other secretions). Some of them can be stabilised in that state. Many L-forms also change their appearance as they go through a complex life cycle, which includes tiny granular forms that pass like viruses through very fine filters.

Studying potato, carrot and turnip cells from plants infected by bacterial soft-rot diseases, Paton noticed some of the cells were densely packed with bacteria - not only the bacteria that had caused the disease, but other harmless ones too. Further studies suggested that L-form granules could have entered through apertures denied to much larger, "normal" bacteria. By injecting ordinary bacteria together with penicillin or lysozyme into plant tissues, the Aberdeen microbiologists have since created associations between a wide variety of different bacteria and plants.

The fact that the bacteria in such partnerships continue to show the biochemical activities they conducted when living alone suggests that one potential prac-

it. Shuttles go up and come down seven or eight times a year, noticed only when lives are put in danger or woodpeckers drill holes into high-tech insulation on the fuel tank. It was not always thus. On 12 April 1981, the shuttle Columbia lifted off for the first time from Florida amid a fanfare of publicity. It was, allegedly, the dawn of a new era in space transportation, the day the space shuttle was born. Columbia was significant because it carried the hopes of a space agency that had not launched a manned spacecraft in almost six years and that was suffering from an identity crisis.

Yet by the time Columbia lifted off, the dream was tarnished. Cost overruns and technical problems had delayed the shuttle's maiden flight by two years. NASA officials were well aware that their promises of a cheap, multi-purpose space vehicle would not be fulfilled.

As NASA prepares to launch Endeavour on a routine mission on 19 May, it is having to come to terms with an ageing shuttle fleet, a declining workforce and budget, and falling morale. Faced with the unpalatable facts that each shuttle mission costs



The Challenger disaster in 1986: there is a 50 per cent chance of another accident before 2015
Photograph: Nasa

Nasa takes a nosedive

In the first of a two-part series, Peter Bond asks if the privatised US space shuttle programme is heading for another disaster

about \$400m and no replacement vehicle will be available for the foreseeable future, NASA's director, Daniel Gildin, has decided to privatise the shuttle programme. Over the next five years, thousands of workers will lose their jobs as responsibility for shuttle operations is transferred to a newly formed private company called United Space Alliance, a joint venture by the US space giants Lockheed Martin and Rockwell International.

Many NASA officials and politicians now argue that the time has come to cut back on the unnecessary bureaucracy and paperwork introduced after the 1986 Challenger disaster. "When you realise it takes one million signatures to fly one shuttle flight, that does suggest to you that something is wrong," says Robert Walker, a Republican Congressman.

Despite his apparent approval of the restructuring plan, Bryan O'Connor, NASA's deputy associate administrator for the space shuttle, resigned. He was particularly unhappy with a return to the pre-Challenger policy that made the Johnson Space Centre in Houston responsible for shuttle management instead of NASA HQ in Washington DC. As he saw it, one of the key safety improvements post-Challenger was to make the shuttle management in Houston responsible to headquarters.

Others are unhappy with what is happening at the top, although few are prepared to speak out openly. One who did make his feelings known was José García, a middle manager at Kennedy Space Centre. "This isn't like a cafeteria that you can just turn over to the private sector," he says bitterly.

One major concern is that the new shuttle operators may feel obliged to cut corners to meet launch targets. With potential cost savings of \$1bn a year, Mr Goldin is unrepentant, dismissing the idea of a private corporation risking lives to increase profits. "With Lockheed, Martin and Rockwell we have two experienced companies that clearly understand how to oper-

ate the shuttle safely," he says. "I don't know why there is this concern about a private contractor operating the shuttle. Do you want the government operating the aircraft we fly on? I don't."

James Adamson, chief operating officer of United Space Alliance, has been equally keen to reassure the space community. "Safety takes precedence over everything. We are discussing an incentive-based contract to do three things: fly safely, deliver the product - which would be flying on time - and make the operation more efficient."

Although there have been no craft or crew lost in the past 10 years, the question of shuttle safety is far from academic. A

recent report by NASA states that there is a 50 per cent chance of another catastrophe before the year 2015. The report concludes that the most likely scenario is a launch failure caused by the explosion of a shuttle main engine. Another possibility is a crash on landing caused by failure of landing gear and brakes.

Meanwhile, shuttle flights continue to throw up their share of scares and technical problems. A launch abort was barely avoided during the February launch of STS-75 when one engine's pressure gauge read only 45 per cent and an amber warning light appeared in the cockpit. The crew was preparing to attempt a dangerous return to Florida when ground controllers confirmed that the engines were running properly.

On the most recent launch in March, the orbiter Atlantis sprang a leak in the hydraulic system which supplies power to its wing flaps, rudder and landing gear. Mission controllers had to consider bringing the craft home early. Then the land-

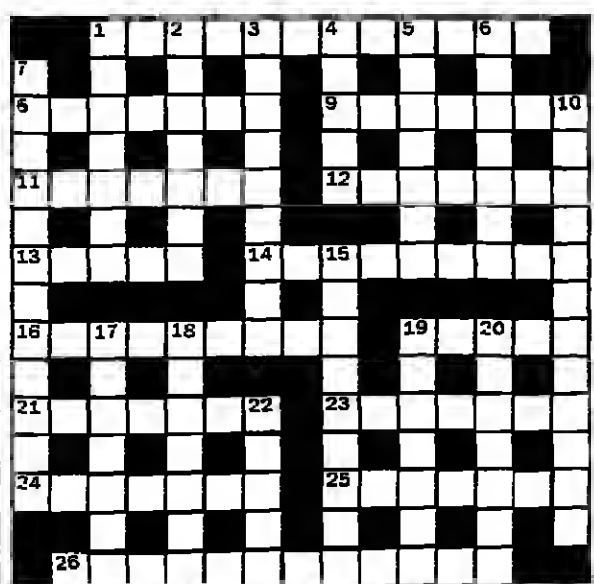
ing had to be delayed for a day when sensors wrongly reported that the two cargo bay doors had jammed shut. "There have been several electronic malfunctions," says a former NASA administrator, "but the thing's getting better."

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No. 2985, Monday 13 May

By Fortis



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